



# ***JPRS Report***

## **East Europe**

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# East Europe

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## CZECHOSLOVAKIA

### Czech Historian Views Compensation Controversy

91CH0500A Bratislava UJ SZO in Hungarian  
1 Mar 91 pp 1, 2

[Interview with historian Jan Mlynarik by Matyas Somogyi; place and date not given: "Facing Up to the Past"]

[Text] One of the fundamental points of the parliamentary debate concerning compensations was the question of whether or not restitution should be applied to the period before February 1948, when members of the German and Hungarian minority population were deprived not only of their properties but of their rights as citizens. When this issue came before the Federative Assembly, it was approached in an identical manner by the Coexistence, the FMK [Independent Hungarian Initiative] and the MKDM [Hungarian Christian Democratic Movement], and even by several representatives of the Civic Forum and the Forum Against Violence. Jan Mlynarik, deputy and historian, the well-known expert of our century's Czech and Slovak history, who represents the Slovak and Hungarian people of the Nograd region as a legislator of the Forum Against Violence, was among those who promoted remedying the injustices that took place between 1945 and 1948. I asked him, what considerations prompted him to work for redressing the wrongdoing committed during this particularly painful period of our history?

#### There Is No Collective Guilt!

[Mlynarik] This issue is closely connected to Czechoslovakia's existence, its adherence to Europe, its mores and its honor," stated Jan Mlynarik right at the start, then continued: "This nation must also face up to the criminal acts that were committed before February 1948. It is well known that during the Second World War the properties of persecuted Jews, and even those of the Gypsies, were confiscated in Slovakia. And after the end of the war, Czechoslovakia witnessed the greatest interference with the proprietorial, civic and human rights of more than four million people; three and a half million Germans and more than three-quarter million Hungarians. I am firmly convinced that if we want to join Europe, we cannot accomplish that wearing this mark of Cain, the memory of having deprived people of their rights and robbing them under the fictional pretext of collective guilt. It was the rejection of the principle of collective guilt that led me, as a historian but now also as a politician, to devote my time to this issue. There is no collective guilt! We must openly proclaim that murders have been committed in the name of that repulsive principle, and there are even mass graves in our country from that period. Such an inheritance makes it impossible for us to talk about building a nation based on legality. This issue must be thoroughly settled, in the proprietorial, civic and moral sense alike.

#### Nationalist Hang-Ups

[Somogyi] Regrettably, we still see that most of our citizens, and not only the laymen, react to this issue with certain prejudices or, in the best cases, with cautiousness....

[Mlynarik] We must keep in mind that for more than four decades the regime in this country declared these issues taboo, and did not permit the scientific processing of themes related to them. At the same time, making ideological use of the question, it made every effort to represent the entire German and Hungarian populace as Fascist and revisionist. The inhabitants could not gain information on the true events, and if we add to this the nationalist stance cultivated by a segment of the older generations, then we can see how attitudes were developed that are still alive today. There are still certain nationalist, even chauvinistic attitudes among Czechs in their treatment of Germans, and in Slovakia the same attitudes are held in connection with Hungarians who live here. Such an approach ignores the background of events that occurred back then: It was not the Sudeten Germans who occupied the Rhineland, they did not bring about the Anschluss, and they did not start World War II, as it was claimed by President Benes and certain other politicians. Nor was it the Hungarians of Slovakia that caused, or brought on, the Vienna Diktat. The series of events at the time had to do with the struggle for power and the expansion of Nazi Germany into the region of Central Europe, which could not be stopped by the contrary behavior of Germans in the Sudetenland or the Carpathian region, or of ethnic Hungarian minorities. We must explain these issues, gradually and thoroughly, especially to members of the younger generations, so that they could free themselves of the nationalist prejudices held by their forefathers as well as perhaps by our own generation....

#### They Are Not Familiar With History

[Somogyi] Last week, when the law on compensation was discussed, several politicians in Bratislava said that promulgating the law would mean that the former Hungarian owners would reclaim their properties in Slovakia, and thus much of Slovakia would become a Hungarian "gubernium." What is your opinion on this?

[Mlynarik] Those who claim this ignore the historical fact that Czechoslovakia has taken care of this issue as early as the time of its first land reform: The aristocratic or noble families that owned properties in Slovakia have lost their claim to them as a consequence of that land reform. It is also a fact that the owners received a certain amount of compensation for their confiscated properties, just as it happened in the case of church properties. In other words, descendants of these families could not reobtain their former properties. One reason for this is that the holdings were distributed to, among others, the Hungarian small holders and agrarian workers, so the latter became lawful owners of these properties. These

Hungarians lost their properties in 1945, as a consequence of decrees put into effect by the Czechoslovak state or the Presidium of the Slovak National Council. In my view, these smallholders and agrarian workers have lawful rights to reclaim properties that were taken from them in 1945. It is incorrect if we offer to remedy only thieveries that were committed by Communists. I feel that we must set right those illegal appropriations, too, that occurred illegally and unjustly, and resulting from the decrees of the Czechoslovak state, in 1945 and in subsequent years.

[Somogyi] Recently the Slovak NATIONAL Council passed a resolution condemning the post-war expulsion of Germans from the Carpathian region of Slovakia. According to certain Slovak politicians, a similar gesture toward Hungarians who were deported from Slovakia to Bohemia would be a issue with far too many complications....

[Mlynarik] To a degree, this is understandable: After all, the number of Germans expelled from the Carpathian region was 180,000, while that of Hungarians similarly moved was four times as great. The apology you mentioned was a relatively simple step. Obviously, a similar resolution concerning Hungarians would have a meaning similar to a Czech resolution toward the Germans ejected from the Sudetenland. I believe that, sooner or later, such a resolution will come to pass, and the Slovak government, or the Slovak National Council will make a similar statement addressed to its Hungarian population.

## HUNGARY

### TV Official Criticizes Reorganization Plans

91CH0554A Budapest MAGYAR HIRLAP  
in Hungarian 19 Apr 91 p 4

[Interview with Adam Horvath, Hungarian Television chief director, by Zsuzsa Szepe; place and date not given: "A Break in Transmission Because of Construction?"—first paragraph is MAGYAR HIRLAP introduction]

[Text] We inquired about the finances of MTV [Hungarian Television], unrealistically high salaries, and superfluous expenditures, but we received information about MTV's slump and the expected break in transmission instead. We were told about MTV being a victim of party feuds and that its staff sees only chaos and uncertainty. According to MTV Chief Director Adam Horvath, inventor of the series Ablak [Window] and Szomszedok [Neighbors], the present reorganization can only lead to a break in transmission.

[Horvath] During the past decade, every new chief executive has attempted to reorganize MTV, but all of them have failed. Elemer Hankiss also launched a reorganization, but one can only reorganize something that is already organized. I talk unwillingly about the present situation, because I disagree with Hankiss' concepts—because a television cannot function without special

editors. There is an emergency situation at MTV, both from the financial and moral aspects. During this time the institution should be able to survive the financial slump and should outgrow its moral problems. But these two depend not on an extensive reorganization, but mostly on business practices. I know from 33 years of practice that MTV was considered earlier a necessary evil, its budget being way below its needs. This applies both to finances and the staff. The system of remuneration was built in a way not to allow any writer to stay. Had a production manager observed the regulations in determining actors' remuneration without finding loopholes, no actors would have come here. Staff members do have some kind of a basic salary, supplemented by escalator pay based on performance. I did not know for a long time how large the latter is and to what extent it is based on performance. But it is a fact that we had little means, which had to be used to the fullest extent, and for this reason, we had to extend the working hours and had to pay for voluntary extra workload. We inherited this system from the previous regime.

[Szepe] Is this one reason for overspending on wages at MTV?

[Horvath] The extra payments are the result of a significant amount of extra work; they exceed the acceptable level, creating the present stalemate. If the professionals adhere to the 8-hour workday, there will be no program. The incomes of personalities on the screen's toplist and the allocation of the monies constitute only a thin, and insignificant, surface of the problem. Of course, waste could be eliminated. One way would be, for example, to retire untalented staff members who have aged while at MTV. It would also be important to develop a way to screen both talent and morals. Talent does not appear only on the screen, as there is a need for engineers, organizers, and bank experts as well.

Low salaries are the result of the budget. MTV's financial management resembles an office. Even though there are material costs as well that are constantly increasing while institutional limitations keep the wages low. The prices of film and equipment are constantly increasing while our budget is continually shrinking. No one has discovered this yet because all reviews have been conducted unprofessionally. MTV is a special mixture of institution and company. We produce programs, and for these we make stage sceneries and costumes, we create intellectual products and written material; none of this is characteristic of an office. For this reason, in my opinion, it is not professional to look at MTV only from the aspect of the institution. The operational system of this joint form should be worked out in theory, and this has not yet been done. This is why MTV cannot be compared to any other television in the world. The concept must be transplanted into practice but only in a way that keeps the programs running in the meanwhile. Neither the gas company nor the television can say that service is interrupted because of construction....

[Szep] You have been asked to accept the post of the chief executive but, after long deliberation, you declined. Why?

[Horvath] For one thing, emotionally I am not a leader type and I do not have any ambitions for power. On the other hand, I cannot accept the moral situation. Highly qualified specialists stand on one side, and the group with destroyed morals stand on the other; the interaction between these two created a dramatic situation. Moral issues cannot be solved through reorganization, especially not when it also depends on money and politics.

[Szep] Why does internal reorganization depend on politics?

[Horvath] Because the screen personalities and the editors are the institutions's key figures. In the past regime, people abandoned their screen personalities to become executives through connections. It was easier for the establishment to keep in contact with screen personalities directly rather than through functionaries. It was mainly during the last ten years when the group of executives who also appeared on the monitor developed.

As a result, today's screen personalities are much more determinant than anywhere else in the world and, in addition, they are people with different political leanings. And they are incapable of differentiating between private opinion and work. Politics is much more penetrating now than ever before and, consequently, some editors seem to be biased in a certain direction. A result of this is that they accuse one other.

[Szep] Thus, MTV is not a national television, but an institution working under the influence of parties.

[Horvath] Earlier, programs were influenced by "the party" but today they operate in the shadow of political accusations. The first accusation that can be brought against a creative group is that it served the party state, followed by the argument whether a group considers the screen people its own or its enemies.

[Szep] How could television become objective?

[Horvath] This depends on the moral transformation.

[Szep] Is this MTV's greatest problem?

[Horvath] No. Last Easter I sat in front of the TV for two days, and people were painting eggs 17 times, three times it was the same lady, only the reporter was different. This went on in the Hirado [Newsreel], in the youth program, in the Ablak, in the Door, in every program. Beyond the fact that this is a great waste of time and money, it also signifies something. Programming is uncoordinated to the extent that a political moment appears in at least seven programs. This is not a lack of censure, but rather a symptom of a lack of leadership. Even when MTV was under excessive leadership, the goal was not putting the institution in order but making it serve something.

[Szep] What will happen when the moratorium will be lifted?

[Horvath] That will mean a certain way out. For when a professional television begins to function, it will demonstrate how to manage time, money, the means, and the message. We do not have this in Hungary. Commercial television will lure away the experts, and the state will become aware that public television is slipping out of its hands, and perhaps will pump some money into it. Earlier it was not the budget but organization that was flawed. In a competitive situation, MTV's internal reorganization will perhaps be done by an expert.

[Szep] Does this mean that today's internal reorganization is not being done by experts?

[Horvath] Not yet. Its test will show. But I add that I cannot criticize it because I did not accept any role in it.

## POLAND

### 'Friendship Circles' Present Moderated Proposal

91EP0468B Frankfurt/Main FRANKFURTER  
ALLGEMEINE in German 26 Apr 91 p 7

[Article by Dt.: "To Cultivate What Is Ours—To Respect What Is Others: A Memorandum of the German Minority for Prime Minister Bielecki"]

[Text] Warsaw—The Central Council of the Germans, the umbrella organization of the German Friendship Circles in Poland, has estimated its membership in Opole Voivodship at 150,000, in Katowice Voivodship at 40,000 and in Czesochowa Voivodship at 30,000. These data are included in a memorandum handed over by the Central Council to Prime Minister Bielecki on Wednesday on the occasion of his visit to Gogolin. In it the authors present the genesis of the minority as they see it and the aims of their organization. The memorandum signed by Heinrich Kroll (Henryk Krol) and Gerard Bartodziej begins with the comment that Silesia for over 700 years directly and indirectly has been under the influence of German culture and the political hegemony of various German states. In addition, the Polish and Czech cultures have also been present. The people linked with these traditions have lived together in harmony. As a consequence of the National Socialist rule, the Jewish element has disappeared from the Silesian landscape. The Polish postwar rule has made "tremendous efforts" to wipe out the traces of the German culture. It is owing to the successful struggle of "Solidarnosc" for civil rights and political liberties that Silesia's German residents are now again able to avow their identity. The Social-Cultural Society of the German Minority—the official name of the German Friendship Circles—licensed in February 1990, is interested above all in fostering its own culture and language, while fully respecting other cultures, in reestablishing the traditional relations with other ethnic groups, and in the economic revival of the Opole region based on the

Silesian work ethic. To counter reservations toward the minority, the Central Council states that it will strictly adhere to the legally authorized association statutes, advocate the achievement of the CSCE documents concerning minorities, and also support the German-Polish border treaty of 1990 without reservations. The German minority, in the opinion of its leading representatives, has to be protected by a legal system guaranteed by Poland and Germany that assures it "an existence without fear and uncertainties." Germans should have opportunities for involvement in all spheres of public life and be able to satisfy their cultural needs without any pressure towards assimilation. In the memorandum to the prime minister, the Central Council gives a reminder of the demand to take into consideration its 16-point list in the agreement on neighborly relations now being negotiated. Since the municipal elections of 27 May 1990, Germans constitute the council majority in 26 out of 63 communities of Opole Voivodship. The experience of the past 11 months has shown, in the opinion of the Central Council, that these local councils, both internally and also in their cooperation with state agencies, have maintained the spirit of tolerance. Nationalism and chauvinism would occur above all among population groups which had settled in the Opole region only a relatively short time ago. On the other hand, the Poles who were expelled after the war from the former Polish eastern territories and settled in Silesia are integrated to a great extent. In this connection the Central Council rejects all attempts in Poland and Germany to involve the minority in political disputes and to misuse it to fan the flames of nationalistic tendencies.

## ROMANIA

### Historical Background of Treaty With USSR

91BA0785A Bucharest AZI in Romanian 28, 29 May 91

[Article in two installments by Marin Badea: "Partial Transparency"]

[28 May pp 1, 4]

[Text] The nature and development of the Romanian-Soviet relations are one of the topics frequently discussed by the press of our (un)constructive opposition, which unfortunately presents them in a typical style of violent political partisanship. The idea is to achieve a complete juxtaposition of the images of the two political regimes: communist in the USSR and "neocomunist" in Romania, something that could furnish an additional argument for removing the country's present political leadership at any cost. And in order to be, or at least to seem the least bit credible, those who are protesting the results of President Ion Iliescu's visit to the USSR are trying hard to "demonstrate" that the signing of the Treaty of Friendship, Cooperation, and Good Neighborliness between Romania and the USSR was allegedly "a great mistake with serious consequences for the present and future of our country and nation" (ROMANIA

LIBERA, 17 May 1991), particularly because it recognizes the present borders between the two countries.

In view of the fact that we will return to deal with these elements of our political life especially when the new Romanian-Soviet Treaty is ratified in Parliament, we want to note the fact that the visit of the Romanian head of state to the Soviet Union and its results elicited much commentary there, too, some of it retrospective in nature and featuring references to the various viewpoints expressed in our press. For example, our attention was caught by an article in SOVETSKAYA ROSSIYA of 25 April entitled "Could the Claims Be Really Justified?" by V. Rusnak, in which the author noted with satisfaction some of the judicious viewpoints expressed (for example, in ADEVARUL) and with sadness those of the opposition (especially in ROMANIA LIBERA, which believes that the document signed in Moscow was tantamount to an "unprecedented national shame.")

Referring to the significance of the treaty, V. Rusnak objectively estimated that the treaty will serve to align the Soviet-Romanian relations with the "norms of international practice" confirmed by the USSR in bilateral treaties with France, Germany, Italy, Spain, and other countries, too. He also stressed that "This is the first such document with one of our East European neighbors and at the same time it constitutes a practical step toward implementing the idea of the Paris Charter on the new peaceful order in Europe."

How was it possible that among all the former socialist countries Romania was the first with whom the USSR reached such an agreement? Here the SOVETSKAYA ROSSIYA commentator justifiably recalled the deterioration of the Soviet-Romanian relations already in the past few years of the former regime in Bucharest because of "differences of principle on the issues of democratization, open human and economic relations, contacts among people, etc." The objective factors listed that can and must contribute to building new relations between Moscow and Bucharest were "the geographical proximity between the two countries, the complementary nature of their economies, and identical problems concerning the transition to a market economy." A positive contribution to the crystalization of the the new dialogue sanctioned in the 5 April Treaty was also made by "The absence of confrontations that could burden our relations, as was the case in Hungary in 1956 or in Czechoslovakia in 1968," or of problems generated by the stationing of Soviet troops, in view of the fact that the last soldier left Romania in 1968. Such elements provide historical justification for the thesis that we will view ourselves as friendly states in any circumstances, without directing our alliance against a third country.

Aside from all that, Mr. Rusnak has some reasons to be unhappy about the Romanian head of state's visit to Moscow, as suggested by the very title of his commentary, since he was wondering whether Romania's claims expressed during the summit talks and brought to the public's attention by the Romanian side at a press

conference, were justified. What those claims were we know and anyway, they shouldn't be hastily labeled "hasty judgments."

One of these so-called "hasty judgments" reportedly expressed by Mr. Ion Iliescu was the view—reaffirmed by Prime Minister Petre Roman—that the Moldovan Republic was a Romanian state, and that the relations between Romania and Moldova "will develop on the basis of unswerving respect for the principles of state sovereignty and for the nations' right to self-determination," something that, as is known, was also stated in the treaty itself. After all, why should anyone be frightened by the idea that so many examples have emerged in the contemporary world of peacefully resolving even the most sensitive problems, including border disputes, only because Mr. Ion Iliescu correctly pointed out that in connection with the Romanian reality, too, "the prospects remain open for any kind of solution?" Such a possibility is in line with natural historical developments and in any case, the Romanian president's statement was not tantamount, as Mr. V. Rusnak hastened to write, "with raising the issue of territorial redistribution." We don't need to fear the involvement of any passions and emotional situations; on the contrary, both sides, including us, the press, must consider the overall reality around us with clarity and political lucidity, and must very carefully examine the historical genesis of this reality before threatening, like under totalitarianism, that "peace and stability in this region may be affected." The option of the present time is undoubtedly that of relations of "good neighborliness and cooperation."

In the same category of "sensitive" issues SOVETSKAYA ROSSIYA included two other problems: Snake Island and Romania's Treasure, which was deposited for safekeeping in Moscow in 1916. Those issues were also described as having been "hastily broached" by Mr. Ion Iliescu, although Mr. V. Rusnak thinks they are a closed matter. The first because Snake Island "belongs to the Soviet Union as per the Protocol of 23 May 1948," and the second because "it was raised by N. Ceausescu during his first visit to the USSR in September 1965 as head of a Romanian party and government delegation... and in December 1967. The reply was the following: The Soviet side views the matter as irrevocably closed." That, however, happened under Leonid Ilich Brezhnev, before Glasnost! That is why we have no alternative but to reopen it.

[29 May pp 1, 4]

[Text] Thus, in the opinion of the SOVETSKAYA ROSSIYA commentator, concrete historical facts recorded in the development across time of the Romanian-Russian and Romanian-Soviet relations such as the depositing of our country's treasure for temporary safekeeping, or later the agreement reached between (official) personalities under which Snake Island was incorporated in the Soviet Union—evidently under the latter's pressure, after one year previously the Soviet

Union, too, had signed the peace treaty under which Romania was recognized in a certain territorial configuration—were "closed matters." Not only that, but although at the peace conference in Paris the USSR had imposed all its (territorial, economic, political, military, and other) conditions, Mr. V. Rusnak, relying on the Soviet policy toward Romania prior to 1985 and ignoring the concrete historical data, claimed that the Romanian side would do better to also view the two issues as closed. According to him, reopening the discussion about the treasure will "inevitably raise several other problems concerning World War I" and "the actions of the Romanian occupation troops on USSR territory during World War I," which may have been worse than what Moscow appreciated at the Paris peace conference. Citing only the fact that the talks held in 1965 and 1967 "referred to archive documents" about the Romanian-Russian relations in 1916-17 and to the \$300 million that Romania "was to pay to the USSR in reparations after World War II"—as if we hadn't—and moreover, saying that the amount in question was "only one fifth of the real damages caused by the Romanian occupation" already reduced to \$72.2 million, the SOVETSKAYA ROSSIYA commentator almost came to the conclusion that Romania still owes the Soviet Union. Or in even plainer words, "The realities, as we say, are undisputable." Consequently, there is no point in discussing them, because any discussion on the issues pending or at the least unclarified may "not at all serve to strengthen the friendship between our peoples."

Coming back to the matter of the treasure we want to add that Mr. V. Rusnak attributed to Romania a debt of about \$300 gold rubles from World War I, or the equivalent of 232 tons of gold, "for military equipment" supplied by Russia to Romania, "and for the goods captured and requisitioned by the Romanian troops when the Russian army was demobilized," according to which "the Czarist government asked Romania for its gold reserves as a guarantee for the payment of the debt."

That, of course, is an invention, a subjective distortion of the historical truth. Our documents show that first the transfer of the National Bank from Bucharest to Iasi "together with its [precious] metal reserves was undoubtedly carried out in order to secure that institution and its valuables in case of a war in which foreign armies usually seize both the fortune of the state and fortunes closely connected to the state," as reads a letter addressed by the Finance Ministry to the vice governor of the National Bank, I.G. Bibicescu on 8 December 1916. In the same letter, the Finance Ministry also asked the bank people whether they weren't of the opinion that it would be safer to send the gold to Russia. The terms were the following: "If the National Bank believes, as we do, that such a precaution is not superfluous, we suggest moving the metal stock and whatever valuables the bank finds necessary to Moscow, where the Imperial Treasury at the Kremlin offers greater security than anywhere else." The letter added that "Shipping it somewhere else, to London for example, is much more difficult and exposes it to the



danger of the sea and the threat of German submarines." What is more, the National Bank management asked the government to sign a specific convention with the Czarist government about transferring the treasure to Russia, "In order to guarantee the treasure and to authorize certain functionaries to take the valuables into the hands and under the responsibility of the imperial Russian government."

The Romanian government took the necessary steps and General Mosolov, Russia's representative in Iasi "took it upon himself to sign the protocol of the operation according to our wishes, in order to give us complete assurances both for the voyage there and back, and for safekeeping the treasure at the Kremlin," as the Finance Ministry informed the National Bank governor on 11 December 1916.

The treasure was sent in two shipments: the first was in February 1917, in the amount of 324,580,456.84 gold lei; the second was in July 1917 and consisted of valuables of the National Bank, the Savings and Deposits Bank, other banks, and private institutions.

All that occurred in the conditions in which a protocol had been signed in Iasi by the Romanian Finance Minister Victor Antonescu and General Mosolov, who was acting for Minister Poklewsky Keziell who was on extended leave, a protocol which noted that the valuables "were entrusted to a delegate of the imperial government and loaded in train cars under the guarantee of the imperial Russian government concerning the safety of the shipment and the deposit and its return to Romania."

In view of the revolutionary events in Russia, at negotiations in Paris, London, and Petrograd tried to have the treasure transferred to the United States with the aid and under the guarantee of the Entente powers. None of the allied governments assumed the responsibility for the safety of the shipment on the Transsiberian and then on the Pacific. The Romanian government tried other means, too, but failed to secure effective means to regain possession of the treasure, including at the Peace Conference in Paris (1919-20), which Soviet Russia did not attend. Only at the 1922 Geneva conference devoted to economic issues, which was also attended by a Soviet delegation, was it decided, upon Romania's request, that "The Soviet Russian government will return to the Romanian government the valuables deposited in Moscow by the aforementioned Romanian government." That decision was officially communicated to the Soviet government on 2 May 1922 through the French Foreign Ministry. The Soviet government turned down that decision, too.

Subsequent details regarding the Romanian-Soviet discussions about the treasure carry no major significance. Consequently, the only conclusion that can serve as a point of departure for resuming the discussion is that the problem remains open.

### Brucan Meets Students; Grilled on Politics

91BA0705B Bucharest DREPTATEA in Romanian  
11 May 91 p 3

[Article by Constanta Munteanu: "Mr. Brucan's Thrilling Revelations in Ploiesti"]

[Text] On Monday, 6 May 1991, Mr. Silviu Brucan came to Ploiesti for a meeting with students of the Petroleum and Gas Institute [IPG]. He declared himself available for "an exchange of ideas" and stated that "what's difficult is not the questions, but the answers." The local authorities put a car and chauffeur at Mr. Brucan's disposal. After a 15-minute exposition on the topic of Romania and Europe in the context of industrial revolutions, Mr. Brucan was subjected to an intensive barrage of questions. As usual, Mr. Brucan failed to overcome his limitations and there were even a few moments when he lost his cool, much to the amazement and delight of the audience.

Mr. Brucan specified that he had assumed the "role of critical conscience" of the Romanian society "both toward the authorities and the opposition" without the impossible ambition of being completely independent. He complained that when he criticized the FSN [National Salvation Front] authorities he was "taken to task" by the FSN press and when he criticized the parliamentary opposition and the Civic Alliance he got the same treatment from the opposition press. Consequently, Mr. Brucan said, he felt entitled to compare himself to the character of Mercutio in "Romeo and Juliet," who fell victim to the rivalry between the two noble houses of Montague and Capulet. Mortally wounded in a duel, Mr. Brucan recalled (with visible satisfaction), Mercutio said: "Devil take both of you!" In spite of the inaccuracy of the quotation, we cannot help slipping into a dreamy and amusing speculation that undoubtedly will tempt anyone reading these lines... Among other things, we, too, remember how Romeo described "brave Mercutio:" "A man that (...) God created to his own disadvantage."

The partially-independent political scientist asserted the existence of three alleged currents in the FSN: 1) A conservative-nomenklaturist current resting on the former communist structures and led by Parliament spokesmen Birladeanu and Martian; 2) A center group, which has "its behind in two boats," led by Iliescu; 3) A Reform wing, who won at the national convention under the leadership of Petre Roman.

The politician most heavily targeted by Brucan's criticism was Ion Iliescu: "Iliescu has failed to radically purge the state apparatus. He has surrounded himself with yes-men and sycophants and with a covey of toadies." "He bears the major responsibility in the miners affair. He should have the courage to admit that he was wrong and put ashes on his head!" "The discussion on the form of government is negatively influenced by Iliescu's presence, so that many desperate people say

they want the monarchy, although they are not monarchists." "Before the elections the University Square expressed some legitimate concerns of the Romanian people, especially the fear that the power could be seized by a neocomunist system. Iliescu didn't realize that he had to provide a satisfactory answer, and in fact he reinforced those fears by appointing Birladeanu and Martian at the head of the two houses. He appointed them!" "Iliescu did not take the Securitate problem seriously. He was ready to pronounce General Vlad innocent." "The deficiencies of the political power in Romania have provided grist to the mills of the Hungarian lobby in Washington."

About Gorbachev and the USSR: "Gorbachev played the major role in ridding us of the specter of nuclear war." (Ed. note: Gorbachev was prompted to adopt a new political line toward the West by the USSR's inability to compete with "Star Wars" and by its dire need for funds to ward off the rapid collapse of the Soviet economy). "Our anti-Soviet feelings are not Western-based, as was the case in the period between the World Wars. The West fears Gorbachev's fall and the possible ascent of ultra-communists. We depend on Soviet energy contribution and on a series of Soviet orders. There is no sense in our rebelling against Gorbachev." (Ed. note: Gorbachev need not necessarily be replaced by an ultra-communist. And as University Professor Gheorghe Stefan of IPG remarked, we pay for imports from the USSR in hard currency, industrial products, and apparently even in food. As for the position of the West, Mr. Brucan is right, it can only be very flexible and also very skillful).

Petre Roman is evidently Mr. Brucan's great favorite, dearer to him even than Gorbachev: "He had the courage to introduce the reform and to take unpopular measures. He even moved on to the second stage of the reform. The Roman government has the will and courage to advance toward a market economy." "Roman was not involved in the June events." "He made a mistake with the government reshuffle, it ended up badly." "But he has courage. We must give him credit to conduct the reform to its end as he began it!"

Being familiar with the "Marxist-cybernetic" convictions of the speaker, we were not surprised by expressions like "working people," "the class struggle lost of its sharpness," etc., nor by his veteran nomenklaturist familiarity, nor by his taste for political vendettas. On the other hand, we discovered that Mr. Brucan is not capable of assuming responsibility for his own actions. Rather peeved by the request, Mr. Brucan was compelled to present some sort of autobiography, during which he said that he had been a Stalinist because only Stalin and the Red Army were capable of ridding us of the "fascist occupation." Mr. Brucan does not feel responsible for his Stalinist activities; he doesn't like admitting his mistakes and putting ashes on his head either!

When one female student dared to observe that Mr. Brucan, too, not only Birladeanu had been a nomenklaturist, and asked him to state what he thought today of his 1946-47 articles in which he demanded the death sentence for the PNT [National Peasant Party] leaders, although he was perfectly well aware of his abuse, Mr. Brucan lost his patience, much to the stupefaction of the audience. The student was interrupted and aggressively scolded: "Why am I being criticized for what I did 45 years ago while no account is taken of what I've been doing in the past few years?... I criticized Ceausescu! Would you have had the courage to do so?... Did the Securitate watch you? Were you arrested? Were you under house arrest? I was exiled to Damaroiaia!... What did you do in that time, you with your big mouth?! Hiding the best you could, right?... Where were you in 1987, when only one voice was raised in defense of the workers of Brasov?!..."

As the same student correctly observed, Mr. Brucan criticized the historical parties for not being able to break away from the past, but he doesn't wonder how easy it can be for the former victims and their families to meet face to face with their former torturers. We must add that Mr. Brucan overestimates his gestures: he was an anti-ceausescu, not an anti-communist dissident; in one interview he said that Ceausescu allowed him to return to Romania from his trip to Washington only after he learned that he had been to Moscow, too. As for his direct contribution to the undemocratic actions of the Front, we identified his "style" at least in the case of the 28-29 January 1990 counterdemonstrations... And when he speaks of his gesture in connection with the Brasov rebellion, Mr. Brucan forgets to note the pain and sacrifices of those heroes. How about some decency!...

The following story is probably known but it is still worth repeating; it belongs to the melodrama, or rather "melo-terrorist" style.

On 13 January 1990 (i.e., the day after the adoption of the famous decrees that Messrs. Iliescu, Roman, Brucan, et al., derided), several Securitate officers, seized by fear, began to burn piles of files in the yard of their honorable institution. Noticing the magnitude of the flames, one general—we faithfully reproduce Mr. Brucan's air of vagueness—ordered that the fire be put out and that the archive be sent to the Scaeni paper plant to be dissolved (was there no handier place closer to Bucharest?). The truck arrived toward evening and the archive was deposited in a locked up store room. During the night, a fiftyish year old burglar from Ploiesti broke into the store room and by the light of his flashlight happened to lay eyes precisely on the six files concerning the Brucan case. Struck by a bolt of inspiration, the man grabbed the files (why was his inspiration limited only to them?), got into his car, and on the morning of 14 January he came to the government offices in Bucharest and gave the files to Mr. Brucan. His gesture had no ulterior motive, the beneficiary assured us, the man asked for nothing, he even promised to abandon his dark profession and asked Mr.

Brucan to call up the Ploiesti Police and ask them to stop bothering him every time there is a burglary in the area.

Mr. Brucan said he informed General Chitac of the danger that the Securitate archives may be destroyed, and he even kept the original of the note he sent him; however, as far as he knew, Chitac didn't take any measure. We cannot help expressing our astonishment especially when we recall that, as far as we know, the Securitate did not belong to the Interior Ministry any more, but to the Ministry of National Defense. If Mr. Brucan got mixed up in the competencies, it must be because he knows something!...

The whole thing was a "story" [last word in English] typical of Mr. Brucan, the Securitate, and our original democracy.

As typical as the idea of the comparison between Mr. Brucan and Mercutio, a relative of the ruling Prince of Venice Escalus and a friend of Romeo's....

#### Politicians on Former Ceausescu Cadres' Sentences

91BA0572A Bucharest ADEVARUL in Romanian  
29 Mar 91 p 2

[Article by Corina Dragotescu, Silviu Achim, Andrei Alexandru: "Political Figures on Sentences in the Trial of the 24-1-2"]

[Text] At the beginning of the postrevolutionary period, the trials of the former members of the communist regime leadership made headlines in our mass media; but interest in the military court proceedings gradually waned. A few newspapers, ADEVARUL among them, continued to inform their readers about the trials. And now, the time for sentencing has come in the most important of these trials, that of the "24-1-2" group of former members of the CPEx (Executive Political Committee). The verdicts handed down by the court have surprised more than a few.

What do political figures say in this regard? How did they perceive these sentences? These questions deserve an answer, even if a partial one; hence our recent survey of party leaders and parliamentarians.

Dan Lazarescu, deputy, National Liberal Party: I have never believed that politicians should be judged and condemned for their political acts. To the extent that the actions of these men were not solely political, but did contribute to the country's troubles, I find it perfectly correct that they should be made responsible for their deeds under the totalitarian regime. I am not discussing whether their sentence was too mild or too harsh. I simply want to point out that for 45 years, 800,000 people were brought before the courts or before various secret administrative offices. I, myself, on the basis of Article 193, paragraph 2 of the Penal Code, was sentenced to 20 years of forced labor for an imaginary offense, retroactively

acted upon by the Great National Assembly. The readers will draw all the obvious conclusions.

University professor Mircea Cretu, leader of the parliamentary group PUNR: As deputy, and therefore as a representative of the legislative body, I find it difficult to assess the manner in which the judicial powers have fulfilled their obligation in this case. It would violate the principle of separation of powers. On one hand, I cannot say that in this case justice did not have recourse to what the man in the street calls "a farce." To start with an initial charge of genocide and end up with the childish accusation of illegal weapons possession, to start with a possible verdict of up to 25 years of prison and end up with penalties of 3 years of prison, with suspended sentences, or even with acquittals, justice really shows its weakness. I would also like to add that the people gave their own verdict when for the first time they shouted "Down with communism," a verdict which ultimately applied to those who until yesterday were standing in the dock.

Corneliu Coposu, president of the National Peasant Party: Our party resolutely fights against communism and the ideas which it has generated. We have never pursued and have not conducted a campaign against communists. For those who have committed crimes and abuses against the nation, justice is sovereign and capable of determining their guilt. I don't believe it's appropriate to weigh the determinations of justice. But we do insist on the same demands made by public opinion, that justice must pursue all the crimes which the communist dictatorships have committed against the population since 1945.

Marian Enache, vice president of the Assembly of Deputies, National Salvation Front: Taking into consideration the circumstantial nature of the accusations, as well as the complex sociopolitical context prevailing in the country, the trial of the former CPEx members has generated an understandable controversy. Was it a political process (and in this sense, a process of the system, of communist ideology), or was it a pure and simple legal process?

To suggest a most pertinent answer, we must necessarily distinguish between political responsibility and actual legal responsibility. Political sanction rests in removing the accused from the exercise of their political functions. Legal responsibility on the other hand, must be established on the basis of evidence from case to case, depending on the actions of each defendant.

Except that matters become complicated from a rational standpoint, insofar as the actions committed by the defendants, and which fall within the sphere of penal violations, were possible only under the conditions in which the former CPEx members were using political power leverage in pursuing their abusive activities. From

this standpoint, I believe that the trial must be considered complex, including as it does both political responsibility and actual legal responsibility factors.

University professor Ion Minzatu, Republican Party: It is clear that the manner in which the law proceeded to bring some people to justice after the Revolution, leaves many questions unanswered. I believe that notable in this regard were the sentences, and especially the manner in which distinctions were made among the accused, an approach that was not clear to anyone. I believe that three factors should be taken into consideration in the trial of the communists: 1. The actual guilt of some of the people with regard to the acts committed; 2. The lack of guilt of others in terms of acts in the interest of the country and unfavorable for communism; and 3. What are we judging? The manner in which the accusation was changed without justifications was unexpected. That is why I express my astonishment, as well as the faith that we will learn the whole truth, different from the present one.

Mihai Balanescu, president of the Ecological Commission of the Assembly of Deputies, member of the Steering Committee of the Ecological Movement in Romania: Like everybody, I learned about the sentences of the group of 21, initially 24, from the press and from the mass media in general. To tell you the truth, I was disappointed when I read the sentences: in practical terms, they no longer represent convictions for the deeds performed. Not only are they part of those who are to be blamed for the economic, social, political, and moral disaster in which the country finds itself at present, but the members of the group also greatly helped repress those who participated in the Revolution from 17 to 22 December 1989. I believe that the sentences are not just, and the fact that they are so reduced, so small, can only encourage the others who stood alongside them and who bear the great responsibility of the situation in which we find ourselves. I am also convinced that their renewed presence in society will bolster the left-wing party—PSM—which is really the heir of the communist party, a point that I have brought to the attention of the government's political organization, pointing out that the time has come to overlook political orientations and form a unified front against communism. I believe this to be a duty of citizenship, stemming from the love which each one must bear for the nation of his birth. We must act so that political organizations such as the Communist Party and extreme right forces will not arise again.

Gelu Voican Voiculescu, senator, National Salvation Front: I had a sentiment of bitter confusion, my first reaction being astonishment. I was especially surprised by the distinctions made among the accused, and failed to understand the criteria for apportioning the penalties. For instance, I don't see why Dumitru Popescu-Dumnezeu and Ioan Totu received the heaviest penalties. Beyond resentment and subjectivity, I am convinced of their overall guilt as main accomplices in Ceausescu's dictatorship, the others—the secondary ones—being all of us, the rest of the population. But this

major blame, of a political nature, was not the purpose of the trial. The legal subtleties of the charges, followed by the modifications of these charges, do not appear convincing to me.

Strictly in the light of the trial's accusations, I would have considered it more appropriate to acquit the accused. The much more abstract and more general political guilt for which they deserved to be punished, was too complex to be handled by a legal trial. In any case, the mass processing of such accusations in a large group seems unfair, since each case is subject to specific subtleties.

The present sentence subjects to the same sentence those who behaved in a humane fashion, and who to the extent to which it was possible, mitigated the horrors of the dictatorship, as well as those who acted as subhuman brutes, verging on the monstrosity of party and state robots. The major accusation that can be made against all of them, as a group, is that not only did they profit from the aberrant despotic regime, but they all shared in the adulation without measure that encouraged Ceausescu's alienation until he became a mad tyrant. Rather than vie in this veritable competition of flattery, they could have offered a dignified and firm opposition that could have prevented, or at least delayed such an ill-fated development.

Instead of being tortured by the rigors of a severe incarceration, difficult to endure at their age, it might have been better to shoot them all on 22 December 1989 at the Central Committee, as Dan Iosif once said. To be sure, there would have been some more innocent ones among them, but as Simon de Monfort wrote, "God will know the good ones."

I believe that the sentence imperfectly attempts to penalize real political faults under the form of contrived and unjust legal accusations. Now that we have seen for more than a year how things are in a law-abiding state, I think that the whole group of CPEx members deserve to be pardoned, to remain forever crushed by the weight of their serious crimes against us, and not to be placed in the position in which, sainted through suffering and penance, they become martyrs.

Dumitru Teaci, deputy, first vice president of the Agrarian Democratic Party of Romania: The trial lasted a very long time and it unravelled; but it was necessary, considering the conduct of the Revolution. Some might compare what happened here with events in other surrounding countries, but I think that the intensity of our Revolution required such an act of justice. Too many have died, and too many have died innocent.

The sentence handed down by the Bucharest Territorial Military Court in this trial can be considered as very mild. If we compare it to the sentences issued in the past for minor political infractions (some of my colleagues for instance, sang "Wake Up Romanians" in 1950, and for

this were deprived of their liberty for five years) the ones issued now seem very mild. Justice must have its say in a fitting manner.

Hosszu Zoltan, senator, member of the Directing Council of UDMR (attorney): I was surprised by the changes made to the charges, which thus opened the way for less severe penalties. I was also surprised, when the sentences were pronounced, by the fact that many of the accused were freed, some through acquittal and others through suspended sentences. The main explanation is that the judicial organization system in our country has remained as before: the ones compiling the files and judging, are the same people who at one time were subordinates of the ones in the dock. If the personnel of the judicial organizations and prosecution had been seriously screened, I am convinced that the sentences would have been more appropriate to the social danger of the acts committed by the accused. They fully contributed to Romania's economic and social disaster during the time they occupied responsible positions in the party-state. The people who elected me, as well as myself, look upon these verdicts with astonishment and consternation, having expected greater penalties.

Horia Rusu, deputy of the National Liberal Party-A.t.: I must say that it was absolutely necessary to conduct a trial of communism, and of the entire period that followed the second world war. Strictly with reference to the trial of the former members of the CPEx, I certainly find it difficult to voice an opinion on whether the verdict was fair or not, since at this time we do not know what was said at the last session of the CPEx; at least for me, that's still a mystery. I think therefore that to begin with, we must start from the truth of the events of December 1989; it is difficult to determine the extent to which one or the other of the accused was more or less guilty, but in any case I consider that the entire trial was a masquerade, considering that it started with the accusation of instigation to genocide, to end up in penalties that we might as well call symbolic.

Nicu Stancescu, president of the Democratic Unity Party: I was indignant to read in the press that five acquittals, five suspended sentences, and five verdicts of two to five and one-half years were handed down for people who belonged to the summit of the former communist regime. And I am not alone. I now speak on behalf of the Democratic Unity Party, on behalf of the Democratic Union alliance (composed of six parties), on behalf of the executive committee of the National Union for Victory of the Revolution (composed of 17 political and non-political groups), and in the spirit of National Convention of Extraparliamentary Opposition (itself composed of 14 political parties). And how can one not be indignant when even now we still have not learned who was really guilty of the events of 16-22 December, who fired into the population, who fired after 22 December? How can one not be indignant when you know who were members of the Executive Political Committee of the party, and what they did? A plan had probably been established, and those who ordered the

execution of the Ceausescus probably said, let's terminate these two, and as for responsibility, let's say as the Romanians say, "the dead one is the one's who's guilty." Of course the two were guilty, their guilt was capital. But those second in command, beginning with the members of the Executive Political Committee, are equally guilty. Or if not, only to a lesser degree. And they must be faced with the responsibility for their actions. Failure to face them with that responsibility leads the population to two conclusions: the first, that the inner circle, all those who profited from the past regime, are encouraged to come together again in the new structure; the second, applicable to the bulk of the population, that it does not pay to antagonize those in power, since as anyone can see, no one punishes you, or the punishment is only symbolic. If the population reaches this conclusion, you can say goodbye to the rights of man, and freedom, and democracy. And that is why the result of this trial, these sentences, are seriously bad for our country.

Vasile Gionea, vice president of the Constitutional Commission, deputy of the National Peasant Party: The penalties issued by the court are reasonable if the investigation did indeed show that they were guilty only of incitement to crime. What I find curious, is that all those brought to trial were found guilty only of infractions strictly associated with the Revolution of December 1989. What about the abuses? The destruction of the national economy? Should we erase the suffering inflicted on the citizenry for four decades by those who clutched the power? The former nomenclaturists must be brought to trial for all the injustices they have committed, for violating the laws they themselves enacted, for the criminal disregard of the rights of man. In this case, the penalties would have been to the measure of their guilt, and would have served as warning for all who are or will be in power, and who transgress the fundamental principles of democracy.

#### Analysis of Recent Cabinet Reshuffle

91BA0705A Bucharest DREPTATEA in Romanian  
11 May 91 p 1

[Article by Carmen Ianu: "What About the Option?"]

[Text] I don't know why the radio and the television made such a noise about the cabinet reshuffle. The National Convention for the Establishment of Democracy had announced its position about cooperating with the FSN [National Salvation Front] in a government controlled by the latter; on the other hand, the government had announced that it will opt for a formula featuring the FSN plus anyone who "wished to assume responsibilities" (read, "portfolios"); President Iliescu had confessed to the nation—at the Cotroceni press conference—about the "imperviousness" of the opposition to the FSN's generous offers of cooperation. So the situation was relatively clear. Doubts still existed about the attempt to coopt truly independent personalities in the new cabinet. But since both the probabilities of their being asked by the prime minister and of their accepting

such a cooperation were almost nil, the scope of the reshuffle, which was announced as a "new initiative for political democratization"—could have been easily spotted by any alert observer. And thus what was expected happened: ministers were moved from one ministry to the next; former presidential advisers were appointed ministers; deputy ministers were appointed full ministers; several FSN "courtiers" were given a seat in the government, and Mr. Roman's "arms bearer" in the FSN, I.A. Stoica was awarded an equivalent post in the government (why should the FSN pay him when the tax payer can?). And so, after all those labor pains, the mountains gave birth to a mouse! About the democratic "whitewashing" attempted by Mr. Roman there is not much to say. What was, however, symptomatic, was the perpetuation of the "fait accompli policy," which incurred criticism by none other than the representative of the PUNR [Party of National Unity of the Romanians], a party that had particularly supported the government's actions. But since Mr. Roman assured Mr. Baker that a referendum will be organized on the form of government when he knew very well what "indications" the FSN Parliament members had received along this line, what difference could it make that he was setting a meeting with opposition leaders for 6 May—for consultations—and presenting the new cabinet list one week prior?

In this "king's side castling" performed by the executive two elements deserve attention. First there is General V. Stanculescu's move from the Army to industry. There are several hypotheses about the reasons for this move: The fear that Mr. Stanculescu—who is disliked by some of the officers corps—may not carry the necessary authority should the social tensions accumulated prompt the authorities to implement "order 2600 revised" and send the Army into the streets; fear of the possibility—speculated and circulated in many circles—of a military regime; a desire to make "order" in industry, one of our leaders' fondest wishes, even if for that a quasi-military management has to be introduced....

A second interesting question is the attempt to publicly discredit the opposition in general—through repeated statements about its refusal to talk to the government—and a major historical party—the PNL [National Liberal Party] by giving a ministerial seat to Mr. Marmeliuc, who declared himself a liberal but was not empowered by his party to accept that appointment. Two aspects need to be clarified in connection with that appointment. First, according to authorized sources, Mr. Marmeliuc, who claims to have belonged to the PNL since 1944, had the honor of being part of the management of the Labor Ministry under the former regime. It is curious how he managed to accede to such a post in spite of a cadres file seriously "crimped" by membership in a "bourgeois" party. Secondly, Mr. Roman verified in Senate that Mr. Marmeliuc did not have his party's authorization to accept the position offered. Consequently, Mr. Marmeliuc excluded himself from the PNL and I don't see why his political affiliation was still mentioned.

But Mr. Roman also made another interesting statement in Senate in connection with the same "Marmeliuc case." He said that regardless of his relations with the PNL, Mr. Marmeliuc "is still a personality of liberal options," because he has been a liberal since 1944. Meaning that once a belief is expressed it can never be changed. Following Mr. Roman's logic, the only thing left for us to conclude is that Messrs. Iliescu, Birladeanu, Brucan, Martian, and others, including Mr. Roman himself, are still "personalities of communist options," considering their impressive career with the RCP [Romanian Communist Party]. We want to thank Mr. Roman for the point he made. Not that it was particularly needed, because these things are known, but an "official" clarification carries far more weight. "The sinner's tongue tells the truth," and "let him who has ears hear!"

### Supreme Court Appointments, Decisions Illegal

91BA0699A Bucharest ROMANIA LIBERA  
in Romanian 7 May 91 p 4

[Article by Petru Clej: "The Supreme Court of Justice—Mere Fiction"]

[Text] A few weeks ago I wrote that Romania was not a rule-of-law state, mainly because the separation of powers is not working and that is because the judiciary power is not independent and often acts as an annex of the executive power. Today we continue to examine the operation of the Supreme Court of Justice, the highest judicial body in the country.

After the Revolution of December 1989 the Ceausescu legislative and executive power structures, i.e., the Grand National Assembly [MAN], the State Council, and the Council of Ministers were dissolved by the declaration-program of the National Salvation Front Council (CFSN); that was in fact the first legal act of a constitutional character taken after the collapse of the communist regime in Romania. Under that act parts of the 1965 constitution were implicitly abrogated. What was left working were the judicial and prosecutor's bodies. In January 1990 the Supreme Tribunal became the Supreme Court of Justice. How did we find that out? From a decree-law issued by the CFSN and signed by the chairman of the provisional legislative forum, Mr. Ion Iliescu, by which Mr. Teodor Vasiliu was appointed president of the new court. In vain we searched for the legal act by which the old Supreme Tribunal was transformed into the new Supreme Court of Justice. Normally, such a change would have required a decree-law to modify the Law on Judiciary Organization of 1958, by which to change not only the name of the supreme instance, but also its duties. Because in the new conditions, the duties of the Supreme Court of Justice should have acquired a new substance. Thus, under decree-law 92/90, better known as the electoral law, that court acquired important functions for monitoring the electoral process, but also (and implicitly) the power to

verify the constitutionality of the laws by invoking the principle of the separation of powers in the state.

But to return to January 1990. Aside from the president of the Supreme Court of Justice, another ten new justices were appointed, while at the same time some of the most compromised members of the Supreme Tribunal were removed. At this point we may ask: what was the legal basis for all those appointments and layoffs? It is true that prior to December 1989 Supreme Tribunal justices were appointed (and revoked) by the MAN, but the CFSN was something entirely different from the former MAN. Consequently, all the decisions taken by the Court judges appointed in January (including at the electoral trial) are legally void.

The Supreme Court of Justice became (somewhat) legal after the 20 May elections. According to the electoral law, article 82 point b), Romania's president appointed the new Court justices under Decree No. 10 of 19 July 1990 and with Senate recommendation. So far so good. Here, however, we find no decree relieving the former Supreme Court justices, considering that by law the Court was not envisaged to be legally dissolved. After all, you cannot appoint someone to a position from which someone else was not relieved. After the elections there were cases of removals from positions. For example, under Decree 45 of 12 September 1990, signed by President Ion Iliescu and countersigned by Prime Minister Petre Roman, Maria Burac and Dorin Clocotici were relieved from their positions as Supreme Court justices (at their request, for health reasons). Interestingly, they were relieved without consulting the Senate. The law specifies that the Supreme Court justices are appointed by Romania's president in consultation with the Senate. Implicitly, therefore, they must be relieved in the same manner.

Faced with judicial practice, the new Supreme Court of Justice was compelled to recognize its duty to verify the constitutionality of laws, based, as we said before, on the inclusion in the electoral law of the principle of the separation of powers in the state. Except that the only way to bring up an unconstitutional exception is for the prosecutor general to bring an extraordinary challenge (an institution of Soviet origin).

Just so we won't be accused of nonconstructive criticism we take the liberty of suggesting a few urgent measures to Romania's Parliament: 1) Adopt a Human Rights Charter, a law that is absolutely necessary until the new Constitution is adopted; 2) Amend the law on judiciary organization to define the duties of the Supreme Court of Justice, one of which is to verify the constitutionality of laws; 3) Abrogate the obsolete institution of extraordinary challenge and enable citizens to appeal to the Supreme Court of Justice directly when a law or a government ordinance infringes on their rights as sanctioned in the Human Rights Charter. To preclude abuses, a fairly high fee could be put on appeals to the

Supreme Court, which the citizen should be able to recover if the court confirms the unconstitutional finding.

And finally, the most sensitive issue is that of appointing justices for life. It should be worth discussing the opportuneness of instituting by law the (provisional) irremovability of the current justices until the enactment of the new Constitution. Allegedly it is better to have a bad law applied by good judges, than a good law applied by bad judges. As you noticed, in this article we contented ourselves with principles and did not talk about individuals. That we will do on another occasion.

And now I'm waiting for Mr. Iliescu to announce the dissolution of the Constitutional Assembly on television, live, and at prime time.

### **King Michael's Address on Monarchy Day**

*91BA0705D Bucharest ROMANIA LIBERA  
in Romanian 10 May 91 p 1*

["Text" of letter addressed by King Michael to the Romanians on the occasion of 10 May, Monarchy Day]

[Text] Romanians,

Today we observe the proclamation of our rebirth as a modern state and the day on which King Carol was confirmed by the National Assembly as our constitutional monarch. For us, living as we do 114 years after our predecessors declared "Romania's absolute independence," this is a day of remembrance and hope. We preserve alive the memory of those who sacrificed themselves for the cause of the fatherland, of the soldiers and civilians who gave their lives so that our aspirations for freedom, democracy, and prosperity can be achieved in a peaceful Europe. Today let us also remember our two great kings, Carol I, who laid the foundations of our modern state, and Ferdinand I, who gathered all the Romanians under a single Constitution. Decades of communist propaganda to which Romania was subjected failed to erase their contribution.

The country they built for themselves together with all the Romanians was neither poor nor backward. It created its own parliamentary institutions and judiciary system. It was a valuable ally to the West and a defender of Christian and European values in our corner of the continent. Romania's 1923 Constitution was one of the most progressive in Europe, and the Romanian citizens were and they felt they were free people.

Let us take heart from the example of our predecessors. They united the Romanian nation and, often without any other help, recreated our state. In spite of the vicissitudes and numerous problems we experience today, I am convinced that we will rise to the occasion and reproduce their success. Our society must be based on sound foundations. It will have to be based on truth, social justice, concern for our fellowmen, honesty, and an equal distribution of tasks in the process of national



reconstruction. Romania must be a country in which the politicians will indeed serve the people. The Revolution of December 1989 belongs to the people and no one has a right to reinterpret it at will. We do not need "original" forms of government, which are revealing themselves as nothing but modified versions of bankrupt political models. And we don't need to be lectured by individuals who zealously served the communist dictatorship and even today have not renounced their old wooden language.

Today we also remember all our brothers and sisters who, against their will and because of treaties imposed in the past by foreign powers, now live outside our boundaries. They can rely on our solemn pledge that they will never again be abandoned or forgotten. The time of a Europe divided into zones of influence has passed for ever.

Romanians,

Remember the deeds of our parents and look to them for inspiration. Our nation has triumphed over empires, military coalitions, and dictators. Its desire for freedom and prosperity can no longer be suppressed. The Romanians must enjoy a good life at a European level, a flourishing economy, appropriate housing, social protection, and the freedom to pursue their happiness. With the help of the Almighty we will succeed. Our family joins us in the prayer we give for the success, prosperity, and independence of all the Romanians.

The hour of true democracy has sounded.

10 May 1991  
Mihai R.

**RMDSZ Senator's Address on Constitution Draft**  
*91BA0594A Bucharest ROMANIAI MAGYAR SZO  
in Hungarian 3 Apr 91 p 1*

[“Text” of address by Senator Lajos Demeny at the Constitutional Convention meeting of 20 March concerning citizen rights; under the rubric “Viewpoint”: “Being Different as a Natural State of Affairs”]

[Text] ...In my humble opinion and judgment, the Constitutional Theses contain so many restraints on citizen rights and liberties that they look more like a chapter providing for the restriction of citizen rights and liberties. Throughout the text we find references to the “security of the state,” to “public order,” to “constitutional order,” and to “good public morals.” The following example supports this statement: Paragraph 8 Section 3 provides that the functioning of religious denominations...must not conflict with public order, the security of the state and with good public morals. I doubt that there exists a civilized, Christian state in the world, whose constitution contains a similar statement of suspicion concerning religious denominations.

As this has already been mentioned by others, Paragraph 9 Section 4 describes rather general concepts susceptible to subjective interpretation. Thus, for example, I ask myself how to interpret the term “slandering the country?” Would this term cover a situation in which a person's expressed views of government policies convey a stringent, or perhaps an excessively stringent judgment? This is a fair question my fellow representatives, particularly in light of the fact that in this legislative body we have already heard a regrettable demand to hold to account certain personalities merely because they expressed harsh criticism of governmental policies. Going further, the same provision prohibits the “slandering of the nation.” Why is it that this provision fails to also prohibit the slandering of national minorities? Should this provision be interpreted as a permission to slander any national nationality community in this country other than the Romanian nation? What sense does Paragraph 7 make if this is the meaning of the provision to which I just referred? Paragraph 7 requires laws which penalize all sorts of discrimination. If, on the other hand, we construe the term “nation” so as to include all inhabitants of this country irrespective of nationality, the term will mean more than just the Romanian nation, because this “nation” includes Gypsies, Hungarians, Germans, Serbians, Russians, Ukrainians, Bulgarians, Turks, Armenians, Greeks, Czechs, and Slovaks. This construction would deny the existence of national minorities in the form of separate national communities.

For this reason, and in due regard to the fact that the Theses prohibit the incitement of ethnic hatred, I suggest that the term “slandering the country and the nation” be deleted from this paragraph.

Similarly, the concept of “national, ethnic, and linguistic separateness” has not been defined accurately and has not been made sufficiently clear. Just what is the meaning of the term “linguistic separateness,” and why would the Constitution prohibit the use of a separate language? Or, to use the wording contained in the Theses, why would “incitement endeavoring to achieve linguistic separateness” be prohibited? Is it not true that the difference between the Romanian and the Hungarian languages represents a natural condition, and that one should expect any sane person to recognize this difference? Is it possible that this provision constitutes a prohibition on national minorities having separate languages in Romania to cultivate their native languages? Is it unnatural to have ethnic differences? Should a person be punished for cultivating his native language and for struggling to preserve his national identity? The concepts of ethnic and linguistic exclusivity and separateness were transplanted from the arsenal of bad memories. They are the remnants of a way of thinking which denies all kinds of pluralism and endeavors to achieve the uniformity of totalitarianism. The charge of separateness is obviously aimed at the national minorities, because the Romanian majority nation cannot become separate from itself within its own homeland. Considering the bad memories



of totalitarianism let us rule out any suspicion about interpreting this section as discrimination against national minorities. I therefore suggest that we delete the words "national, ethnic, and linguistic exclusivity and separateness" from the end of the paragraph. We should delete these words even more so because in the aftermath of the revolution an unfair charge of separatism has been leveled against entire national-nationality communities which demanded restoration of their own educational networks that were forcefully liquidated under the Ceausescu dictatorship.

In this context I propose that Paragraph 9 Section 4 of Chapter 2 be retained as part of the Theses as follows: "Warmongering, incitement of hatred on the basis of nationality, race, religion, or social class belonging, calling for discrimination or violence, and shameful and unabashed conduct shall be prohibited and shall be punishable under law."

I listened to the debate over native language education in national minority communities, including the pro and con arguments. I heard references to international documents and agreements, but relatively few words were said about the existing, real situation in Romania. For example, no mention was made of the fact that prior to the totalitarian system, and particularly before the Ceausescu era the native language education of national minorities had been ensured by a relatively broad network of independent educational institutions. This network has been liquidated in whole or in part only during the past three decades, and particularly beginning in 1984. Two universities of science functioned in Kolozsvár [Cluj] until 1959, one used Romanian as the language of teaching, the other the Hungarian. The Marosvasarhely [Tirgu Mures] Medical and Pharmaceutical Institute functioned as an independent Hungarian language academy until 1963. There also was a Hungarian language performing arts academy in Marosvasarhely, and there were Hungarian faculties at the Kolozsvár conservatory and in the fields of art, agricultural sciences and at the technical university. A large number of independent, Hungarian, German, and Serbian language gymnasiums with a century old heritage existed until 1959. In the larger cities of Transylvania Romanian, Hungarian and German language schools functioned in parallel for centuries as independent educational institutions, yet no one thought of mentioning separatism in this context. These independent educational institutions were true focal points for the preservation and cultivation of the national-nationality identities of Romanians, as well as of Hungarians, Jews, Serbs, Russians, Armenians, Greeks, and members of other national minorities. These places were always characterized by the cultivation of the native language and culture, and by lively intellectual life. The Hungarian, German, and Serbian national minorities regard the discontinuation of these independent cultural and intellectual centers as a coarse attack on their national identities. Toward the end of the last century, and in the early days of this century Romanians of Transylvania justly complained

about Austrian-Hungarian policies which were discriminatory from the standpoint of native language education. The Transylvanian Romanian memorandist movement vehemently objected, and was firmly opposed to denationalizing policies which manifested themselves in the field of education. No one disputes by now the appropriateness of the Transylvanian Romanians' struggle for native language education, and for the preservation and development of their own, independent educational institutions.

It is in this context that I turn to you, members of the Constitutional Convention, and request that you judge our position with respect to the education of national minorities in Romania in the spirit of justice and morality, so that our right to native language education, our right to have our own network of schools be recognized in the now evolving Romanian Constitution. Our claim to this right is not based on separatist considerations, nor is this request meant to be detrimental to anyone, and in particular not to the Romanian majority nation. Believe me, there is no second thought behind our endeavor to preserve our national-nationality identity. We are very well aware of Transylvania's demographic reality; failing to reckon with this reality would be suicide. And we are equally well aware of the fact that while struggling for our native language education in Romania, I emphasize: in Romania, it is our elementary interest to master the Romanian language as well as we can, fluently, if possible. Members of national minorities in Romania who fail to recognize this necessity act contrary to their self interest.

In general, a well intended statement to the effect that all of us here in this convention endeavor to renew and to further develop all areas of economic, social, cultural, spiritual and moral life is no news. It is our joint intent to do away with the deep crisis brought upon us by Ceausescu's totalitarian system. At the time we decided to draft a Constitution it was our goal to establish a constitutional state and a spirit based on justice and law. This Constitution must be based on the ideal of an indivisible democracy. I ask myself: Considering this general and comprehensive endeavor of ours, how could the native language education of national minorities remain the sole and exclusive field to be left untouched in its present, intentionally destroyed state of affairs, as that was inherited from the dictatorial system? Is it possible that this is the only area which needs no repair, could it be that this is the sole, exclusive field of perfection where the spirit of democracy prevailed? I am convinced that there is only one answer to this question: As part of the general debasement of education in Romania, the native language education of national minorities suffered the most severe loss. Reconstruction and modernization of this educational system is just as urgent as the reorganization and modernization of all of Romania's education.

The Constitutional Convention has already adopted a noble principle by which the preservation and development of the identities of national minorities has been

guaranteed. Nevertheless it is necessary to express and to accurately circumscribe this matter within the system of rights and duties, so that the principle amounts to more than a hollow phrase. Constitutional rights must be spelled out precisely with respect to education, above all.

Native language education is the precondition for cultivating national identity because at higher cultural levels knowledge of the native language is useful only if supported by native language education in every field and every subject, including specialized education. A large national minority which traditionally provided native language education from nursery school to university education would be able to preserve and cultivate its national identity only if the entire independent network of schools was restored and modernized. This holds true even more so if one considers the amount of tax revenues a given national minority contributes.

With respect to the Hungarian national minority, the relatively broad range of the lower and intermediate educational network presumes that the teaching staff would have received native language education at the university level. I will mention here that the constant decline, or more precisely: liquidation of Hungarian native language groups at the Kolozsvár Babes-Bolyai University of Science has reached a point where we expect a shortfall of 5,000 persons having a higher educational background in the teaching staff for the academic year 1994-95. In addition, the Hungarian national minority needs well trained persons to pursue economic, social, cultural, health care and religious endeavors. These include economists, lawyers, journalists, editors, engineers, physicians, agronomists, veterinarians, radio and television editors, librarians, and other professionals who require higher level education in the native language in order to pursue their respective professions at appropriate standards, and to enable them to successfully compete in the transition to a market economy.

Finally, in endeavoring to preserve and to cultivate its national identity, this national minority intends to take part in Romanian social development, and does not want to be excluded from artistic, literary and scientific creation. To the contrary, it is the natural endeavor of this minority to pursue activities also in these fields, and to pursue scientific research, and the teaching of arts and literature in its own native language and at a competitive level. The accomplishment of all this presumes the restoration and modernization of a native language higher educational network either in the form of independent institutions of higher education or as independent branches alongside Romanian institutions of higher education.

Restoration of the Hungarian language Bolyai University of Science may be the fair and just solution. This act of justice would strengthen confidence between the Romanian nation and the Hungarian national minority in Romania. A step taken by the Romanian state in this direction would be viewed by the Hungarian minority

not only as a manifestation of good intentions. It would also represent a sincere endeavor to make the Hungarian minority of Romania a part of Romania's entire economic, political, and intellectual life, a matter sincerely desired also by the Hungarian minority.

### **Hungarian Leaders Evaluate Situation**

*AU3005181591 Budapest NEPSZABADSAG  
in Hungarian 24 May 91 pp 1, 6*

[Interview with Geza Domokos, national chairman of the Democratic Association of Hungarians in Romania, and Geza Szocs, secretary-general of the Democratic Association of Hungarians in Romania, by Peter Mag in Marosvasarhely on 23 May: "We Are Strong"—first paragraph is NEPSZABADSAG introduction]

[Text] Our Bucharest correspondent asked Geza Domokos and Geza Szocs about their thoughts on the eve of the conference that is to be convened in Marosvasarhely [Tirgu Mures] on 24 May.

[Domokos] At the outset of the Democratic Association of Hungarians in Romania and at our association's first congress over a year ago in Nagyvarad [Oradea], we said, using Endre Ady's words that "we thought we were strong and we are strong." These words do not have any clearer, more convincing, and more binding meaning for us anywhere else in Romania, than precisely here in Marosvasarhely, which is the place of our ordeal and our firmness. Marosvasarhely was the town of the Bolyais on the map of Hungarian culture. It has also been the town of one of our most distinguished writers, Andras Suto, for many years. Since March 1990, this town has been associated with the memories of Andras Suto's personal drama, and the memories of suffering by all those people who were both the victims and the losers of a terrible and intentionally generated conflict, a conflict generated equally, albeit not the same way, on both Hungarian and Romanian sides. Then, in the hours of our ordeal, and especially during the months since then, it has been proved that we believe we are strong and we certainly are strong. We are strong in our trials and also strong in our efforts to make peace. We are strong in wisdom and in unity. We are strong, if necessary, in revising ourselves, and always strong in hope.

Our congress held in Nagyvarad in April 1990 assigned to the RMDSZ [Democratic Association of Hungarians in Romania] the mission to become an organization for the protection of the interests of Hungarians living in Romania, and set its aim to promote Romania's democratization in cooperation with the best forces of Romanian political life, and especially the firm settling of the minority problems in accordance with European norms and our own traditions and expectations. I think it is only natural that, first of all, our congress will have to face the question of how much we managed to accomplish out of all these tasks in the last year, what lessons we can draw from our work and our struggles, and how

we need to rethink our principles and correct our practices in order that our association better fulfill its mission.

Sometimes, some people think that neither we nor the Romanian democratic forces carried out the decisive breakthrough that we had been waiting for and that we had expected. We must admit that this is the truth. The inconsistency of Romanian political life has not been reduced in the past year at all. Almost week after week, new forces appear on the scene which openly or covertly attempt to recruit followers using the issues of the centralized state organization, authoritarian power, and nationalist uniformity. It would be naive to underestimate the number of those people who have similar views, and thus, are the enemies of the notion of European democracy.

Under these circumstances, do we have the necessary political will, and have we been making sufficient use of the opportunities provided for us to be active in public life? Does our association have a strategy, and if it has, how much have we been able to achieve in its name? What way do we have to continue our program that we started a year ago? We all know that opinions differ on these questions both within and outside our association. Whichever way, I do not think that the political leadership of the RMDSZ is unsuccessful, therefore, I expect the congress to confirm this line, with the unavoidable corrections, naturally, and thus, to vote confidence to the newly elected leadership or the leadership to be elected.

[Szocs] After the first congress of the RMDSZ, we were all concerned about what was waiting for us and what the future period would bring for us. In my view, the tasks and the challenges have not changed significantly since last year, nor did the situation. One could already see at this time last year that the forces which used to belong to the nomenclature in the previous regime became active again in the Romanian society. These forces perceived any move toward the values of democracy as final danger, and in their judgment, the country should be returned to a centrally controlled level and state, and should be kept in check by the methods of dictatorship as much as possible. The main difference in the situation between now and a year ago is that, today, we realize that the parliamentary presence of the RMDSZ could not help solve the problems which had already emerged as chronically unresolvable last year, and which continue to arise since then. I mean here the issues of our schools, use of our language, university, and the assertion of the basic economic interests of the Hungarians. By exploiting certain internal conflicts and differences of opinion, the authorities managed to break up the major opposition parties with spectacular results, but they did not manage to do this with the RMDSZ. Although it is not a secret that we also have differences of opinion. However, we clash our opinions in order to achieve consensus and not to cause crisis.

Our congress is taking place at a time when uncertainty has increased in Romanian society, and when dissatisfaction with the current state of affairs has increased in the Hungarian community; and naturally, the RMDSZ has its own share in this dissatisfaction. Therefore, I would not be surprised if certain forces used, or tried to use this atmosphere to divide the RMDSZ, up to the point of disintegration or splitting up. In my view, Hungarians living in Transylvania are mature enough and have enough conscious determination not to allow themselves to be brought into a situation by any outside incitement, which they could or would regret later.

One of the slogans of last year's congress at Nagyvarad was the following: Our Future Is in Our Unity! Unity indeed carries an enormous force. If, by unity, we mean the combining of differences and cooperation rather than uniformity, well, in that case last year's slogan from Nagyvarad is still valid today.

Besides, all attacks against Hungarians living in Transylvania strengthens the horse wagon camp reflexes that have worked very well so far. This manifests itself in our organizational structure in such a way that this might be the reason that a force in the political life of Hungarians who live in Romania has not appeared yet which would set itself against the RMDSZ. I reckon that the RMDSZ can boast of being one of the most effective organizations in Romania. This is so even if we are rightly dissatisfied with our organizational work. Still, the recognition that we can also see in the Romanian press shows that the organizational potential and the self-consciousness on which the RMDSZ builds a whole series of its decisions, actions, and initiatives constitutes a solid and strong basis. I hope that the congress in Marosvasarhely will strengthen and broaden this basis and will considerably improve it.

#### **Peasant Party Leaders Outline Views at Meeting**

*91BA0698B Bucharest DREPTATEA in Romanian  
1 May 91 pp 1, 4*

[Unattributed article: "Meeting of the National Peasant Christian Democratic Party in Pitesti"]

[Text] In yesterday's issue of DREPTATEA we described the enthusiastic atmosphere that prevailed at the PNT-cd [National Peasant Christian Democratic Party] meeting held in Pitesti on Friday 26 April. Today we return with details of that meeting.

Seated at the presidium table were Messrs. Corneliu Coposu, Ion Diaconescu, Ioan Lup, Barbu Pitigoi, Adrian Sirbu, and Ion Enescu from Bucharest; Ion Nania, chairman of the Arges County Committee; Sergiu Rizescu, deputy chairman of the county committee; Alexandru Retevoiescu of the county committee, and other members of the Arges County Committee.

Mr. Ion Nania opened the meeting and began his address by condemning the "class struggle" that promoted violence. He then said: "The truth that the progress of each

society is the result of the human capacity for thinking was not told. The human personality was denied. No society can progress unless it has marking personalities at its head. To engage in politics and science without knowing history is like planting a tree with its roots in the air and the crown in the ground. But God has helped us to live to a time when we can freely express ourselves. Let's hope that we will once again become what we were: a Christian, industrious, and stable people." He concluded by saying: "Today we are happy to have the PNT-cd leaders among us," and by wishing the distinguished guests "Good health, so that they can put their work and intelligence at the service of this nation."

The floor was then taken by Mr. Barbu Pitigoi, who greeted the audience and told everyone "Christ has been revived." After introducing the guests from Bucharest, Mr. Barbu Pitigoi said that "Arges County has left its mark in history and in legend." He stressed the fact that Arges County had been a stronghold of resistance against communism, as proven by the massacre of 9 August 1947 and the resistance of the Arnautoiu brothers, Arsenescu, and the other partisans in the Fagaras mountains. Mr. Barbu Pitigoi ended his address by saying that there is no freedom without property and stressing that the PNT-cd's program envisages the promotion of property: the land must be given to the peasants and industry to those who created it.

The next speaker was Mr. Chairman Corneliu Coposu, who delivered an extensive presentation of the domestic economic and political situation and the PNT-cd views on resolving it, from which we reproduce the main passages.

Mr. Coposu said that he began with Arges County, the PNT-cd's contact for information, because Arges was the leading stronghold of our party, had among the most massive support, and was the last to resist the communist dictatorship after the capitulation of all the countries behind the iron curtain. "Arges is the proud sire of the peasant idea because the patriarch of the idea was Constantin Dobrescu Arges, and on the basis of that idea the great statesman Ion Mihalache founded the Romanian Peasant Party in the Marasesti trenches." After presenting a concise history of our party, which was the most powerful party in south-east Europe with 2,125,000 members in 1947, 282,000 of whom were thrown in jail, where three quarters of them perished, and which was actually never dismantled, Mr. Corneliu Coposu tackled issues of foreign policy. He said that these issues concern safeguarding our independence, territorial integrity, and national sovereignty. "Along this line, we struggle for understanding with all the neighboring countries and with all the democratic countries in Europe and on the other continents. We militate for building a sound support structure for our national security, so that we can restore our country and its natural boundaries with the help of our friends and the Almighty. We view Bessarabia and Northern Bukovina as Romanian soil (loud applause). That is why we protested against the treaty recently signed with Moscow, which makes no mention

of the dispute between Romania and the Soviet Union and carries no provision concerning our rights over the area of Herta, the Danube Delta islands, and Snake Island, and the right to claim the treasure of which we were robbed in World War I. The treaty also omits the provisions of the Helsinki Convention which stipulates the right to correct boundaries by agreement."

Mr. Corneliu Coposu then recalled his visit to Hungary, during which the acute relations between Romania and Hungary were discussed and the four Hungarian government parties were persuaded to recognize our western border and Transylvania's belonging to Romania, as well as our right to solve ethnic problems in Romania by ourselves; the above clauses were also accepted by two other parties.

Our party also made contact with Western democratic parties with a view to securing support for Romania's major objectives and established relations with 47 Christian-democratic parties in Europe, Asia, and Africa.

Talking about matters of domestic policy, Chairman Coposu stated that our study circles have hammered out programs in every area and have established all the objectives that our party pursues. "We are in favor of private property and of returning all the assets abusively confiscated by the communist dictatorship and the buildings confiscated, and we are for the privatization of industry. We have organized and hammered out precise programs in every area." He also stressed the fact that our party has hundreds of people who are more capable than the members of the current government.

Emphasizing the delays caused by the government in the implementation of the land stock [as published] and privatization, the speaker called attention to the great damages inflicted on our economy in the wake of the serious damages caused by the communist regime that brought the country to the catastrophic situation in which it now is. In order to heal our economy we need to begin with investments totaling \$20 billion, which the current government cannot raise because it lacks credibility. We need a responsible government that can achieve credibility and stability.

Speaking about the problem of unemployment that is seriously affecting our people, Mr. Coposu said that we now have 300,000 unemployed and that figures will soon exceed one million, and that the solution to that is privatization and distributing land to those who were compelled to leave the villages, by giving back all the land, including that of the state agricultural enterprises. The speaker then pointed out that the Romanian nation is the one who should form the governments, not the one to obey all the Marxist inventions. The Romanian nation is entitled to call the government to account and to ask what it has done with the hard currency reserves, the Libertatea account, and the enormous wealth of the former RCP, questions that the government refuses to answer. The Romanian nation is entitled to know what happened between 22 and 29 December 1989, when over

400 troops were shot by terrorists whom no one saw, who stirred up the ethnic confrontations in Tirgu Mures and the religious confrontations between two sister churches, and who is inciting the workers against the intellectuals? Everything is a diversionary maneuver by the government, the speaker concluded, aimed at diverting attention from our serious economic problems.

Referring then to constitutional problems, Corneliu Coposu said that PNT-cd views King Michael's abdication as an illegal act because it was wrested under duress and under the threat of shooting 1,000 students locked up at the Mihai Viteazul garrison. (The audience chanted at length "King Michael"). The issue of the form of government is up to the people, "Their Majesty the people."

Mr. Corneliu Coposu ended by expressing his belief that the sacrifice of the youth who died in order to bring down communism was not in vain and that, with God's help and thanks to their struggle the Romanian people will never have to suffer communism again. For that, however, we need the unity that is now crystalizing among us.

The floor was then taken by PNT-cd First Vice Chairman Ion Diaconescu, who began by calling attention to the fact that something has changed in the country and that people have begun to distinguish between truth and lies.

Unfortunately, the economic situation has changed for the worse: the shops are empty, trafficking and corruption are rife everywhere, and people have lost their faith in the future. This is because of the government itself, whose efforts have been channeled only toward consolidating its own power rather than toward economic recovery.

"Our suggestion that the provisional government concern itself only with the country's administration and not engage in political struggles was rejected by Ion Iliescu." Now the prime minister and the president are looking to sell the country but cannot find buyers, and they are trying all kinds of formulas to get out of the impasse. That is why they want to form a coalition government for the purpose of keeping the power in the hands of the ambitious. (Chants of "Down with Iliescu"). Our party will certainly not put up with this game and other countries will have no trust in the current leaders, whose first signed agreement was with Moscow.

Mr. Diaconescu assured the audience that the PNT-cd will not cooperate with this government (loud applause). We will participate in government only if the current rulers are replaced—audience chants "King Michael." Referring to participation in Parliament, Mr. Diaconescu pointed out that PNT-cd from the beginning suggested to the other opposition parties to pull out of Parliament. That, however, can happen only when the other parties agree to do so, and we will all leave Parliament at the right moment.

The opposition's wish for unity is encountering some difficulties because of some parties' desire to get to the top of the pyramid. The solution recommended by the audience, "King Michael," Mr. Diaconescu said, can be a factor apt to more quickly lead to such unity and to victory.

At the end of his address Mr. Diaconescu appealed for observance of party discipline, which must be applied in a democratic party like ours, too, so that we can oppose attempts at destabilization.

Mr. Ioan Lup, secretary general of the PNT-cd, who was the next speaker, said among other things: "The fact that our party leadership includes a number of people of an advanced age, something that people whose personalities are not yet completely shaped think [part of sentence apparently missing], that is because we were imprisoned in 1947 as young men and came out the way you see us today. That is why to those who asked, 'Where were you, gentlemen?' we answered in the press, 'We were where you don't want to be.'"

Stating then that the world changes through culture, Ioan Lup recalled, among other things, that 15,000 titles were banned in 1948 and 2,000 more in 1949, which is how communism wanted to change our society.

He ended by saying that we are obligated to firmly carry on the ideal of national integrity, unity, and consciousness for which Iuliu Maniu and Ion Mihalache struggled.

The next to take the floor was Mr. Ion Constantinescu on behalf of the League of Former Proprietors, who greeted the assembly and expressed thanks to the PNT-cd on behalf of the disinfranchised and victims of nationalization, for its struggle on behalf of their rights and against the abuses of the current leadership of the country, which has now put on sale confiscated urban plots.

Mr. Chiritescu spoke on behalf of the Liberal Monarchist Party [PLM]. He expressed thanks to Mr. Corneliu Coposu for his introduction of the monarchy and primarily of King Michael.

Mr. Constantin Popescu of Cimpulung inquired what was the opinion of the PNT-cd on restoring the old county of Muscel. Mr. Corneliu Coposu replied that PNT-cd was in favor of restoring all the traditional Romanian counties and will act to attain that desideratum.

The last to speak was Mr. Radu Livezeanu, chairman of the Vilcea County Committee of the PNT-cd, who wished the Arges organization "To continue to be what it always was, a Peasant Party stronghold." Referring to the heinous campaign of slander and defamation against Chairman Coposu, Mr. Radu Livezeanu said that "The only politician in Romania who maintained a democratic, dignified, and resolute position against compromise is our chairman, Mr. Corneliu Coposu."

At the end of the meeting Mr. Barbu Pitigoi thanked the audience for its participation in this meeting of our party.

### Gypsy Party Interested in Buying Concern

91BA0684D Bucharest ADEVARUL in Romanian  
7 May 91 pp 1, 3

[Article by Alin Theodor Ciocarlie including interview with Mr. Ilie Mihai, president of Romanian Gypsy Party, and Mr. Theodor Calamet, director of the Sibiu Agency for Environmental Monitoring and Protection, in Sibiu; date not given: "Gypsy Party Offers To Buy Industrial Concern"]

[Text] As was to be expected, the decision concerning the fate of the two Copsa Mica combines—which are a source of catastrophic pollution for an area of over 180,000 hectares inhabited by 200,000 people (approximately 75,000 of them within the perimeter of maximum pollution), but also a source of jobs for almost 70,000 mine and industrial workers—is eliciting many controversies. After the governmental commission decided to make a complex study of the phenomena and social factors in the area and after the competent industrial departments (chemical industry and metallurgy), we now have a first—as far as we know—political party taking a position. That is the Romanian Gypsy Party [PTR], whose seat is in Sibiu and which has recently sent to the ministerial cabinet its "Considerations" on the report of the governmental commission. The document states: "Recently a considerable number of residents of the Copsa Mica area visited our party offices and desperately asked us to help them keep their jobs, in view of increasingly serious talk of the imminent closing of the two major industrial units (...). In view of the fact that we are a center party in favor of justice, honesty, and equilibrium in all the areas and we have many members in the area in question, we investigated the complaints and established the following"—here follows a precise summary of the establishment and activities of the commission and of its report, including the viewpoints of the industrial departments. The conclusion of the "Considerations," whose economic arguments are based on the data contained in the report of the governmental commission, but which from an ecological viewpoint takes into account only the need for future measures and avoids reflecting the complete disaster of the present situation, is to support a modernization of the installations involving only a partial interruption of industrial activities. So far, nothing new; we recall that the government commission, too, considered this alternative and the departments even supported it. More interesting, however, are the post-conclusions, from which we cite: "We want to call attention to the fact that if one of the alternatives which calls for the temporary or permanent closing of the Copsa Mica industrial combine is adopted, we deem that, in view of the enormous damages that will be caused, such a decision will present all the elements of the crime of undermining the national economy and we, the PTR will request that those responsible for it be put

on trial. We also want to point out that since many of our people are employed in the two enterprises, if the Romanian Government cannot find a solution to satisfactorily resolve all the problems in the Copsa Mica area, the PTR members offer to purchase these two units at a legal price that will be negotiated. It is better that it gets into Gypsy hands than into foreign hands. We assure you that we will know how to resolve both people's problems and the country's problems if the two units are sold to us. We want to mention that we will keep on the entire personnel who wishes to stay and are professionally qualified." The report was signed by Ilie Mihai, president of the PTR.

We approached Mr. Ilie Mihai in Sibiu and he agreed to answer a few questions at a meeting with the leadership of the county Agency for Environmental Monitoring and Protection.

[Ciocarlie] Please list the reasons that prompted your party to intervene about the Copsa Mica problem.

[Mihai] The PTR's position was to first consider the crisis in the country, the resources available, and the social problems of both the Gypsies and the other strata that may be said to form the entire Romanian land. Without a Copsa Mica the national economy would sink even deeper. According to our studies, conducted already one month ago, when we began to struggle by various means, among locals and other people in the country, we came to the following conclusion: The plants must be utilized again and retooled. Our interest? To protect ourselves; we have very many members in Copsa Mica and others throughout the country who use products from Copsa Mica. The second aspect is that we live alongside everybody else, we have a Romanian heart, and we're thinking of the national economy and of not having to buy materials from foreigners at who knows what prices, and who knows whether we have the necessary hard currency for such materials that can be produced domestically. I'll tell you something else, it's a bit of a joke, but it's fitting: Our Gypsies always liked to have gold. As long as we allow the gold of Copsa Mica to go elsewhere we will feel even poorer.

[Ciocarlie] Aren't you considering that, if some of the installations were closed down, the people there would not be left jobless, but would work on the vast ecological reconstruction of the area?

[Mihai] To put it in popular language or more in the Romanian vernacular, it would be something unheard of for Copsa Mica to operate normally, and not just be a fairy tale!

[Ciocarlie] What would you do if you lived in the area of maximum pollution, how would you feel toward your children?

Here the answer was provided by Mr. Theodor Calamet, director of the Sibiu County Agency for Environmental Protection.

[Calamet] We should let the ones who live there decide that, instead of us coming from above to make order at the lower levels. You can't sit in an office and know, theory and practice don't match. Replanting forests is a good thing. The problem is, if we close Copsa Mica, when are we going to have those products on the market?

[Ciocarlie] When you mentioned the possibility of bringing penal action against those who undermine the national economy, to whom were you referring, the former political and administrative leadership of the country, or the present one?

[Mihai] To the current rulers, who are closing down the plant! To do something you have to know how to and you have to want to. The government should take into consideration and give them the money they need, or should let me buy, and I guarantee that I will do it in three years, even if I have to fight tooth and nail! Sounds like a bit of fun in the beginning, but that's how babies are made, too....

With the permission of the chief editor of NICOVALA, which is brought out by the PTR, I will cite from it Mr. Ilie Mihai's curriculum vitae: "I have to confess that, much to my regret now, I didn't spend too much time in school, although I tell you honestly, I liked learning. That was the situation. In the Gypsy camp that father kept moving around in the country we didn't have any teachers or professors. But I want to tell you that there is one school I did graduate, perhaps the highest. The school of life. Not meaning to boast, but I won a doctorate *Magna cum laude*—that's how you say it, right?—for my 34 years. (...) As for profession and occupation, last I was a section chief. I did most of my work for the Consumer Cooperative. But since March (1990—ed. note) I like to say that I'm a politician by profession and that my occupation or job is party chief."

Joke and exaggeration aside, the PTR's offer to buy the Copsa Mica industrial concern in as serious as it can be. Equally serious is their pledge to get the two plants to work within acceptable pollution limits. If the government decides to close down the polluting installations, the PTR will bring suit for undermining of the national economy. So aside from being polluted, the atmosphere is becoming tense. A decision will be made by 20 May. You can learn what the area residents and the workers of Carbosin and Sometra think about this in one of our next issues.

#### 'Future Romania' Founders' Agenda

91BA0571A Bucharest ROMANIA LIBERA  
in Romanian 17 Apr 91 pp 1, 7

[Unattributed article: "Future Romania"]

[Text] The association "Future Romania, a Movement for Truth, Tradition, and Prosperity" was formed in Bucharest on 15 April 1991.

The founding members do not intend to add another party to the large number of existing ones; what they propose, is to act toward nonpartisan information of the Romanian people, before the population is called upon to vote on the future nature of the state.

#### List of Founding Members

Andrei Serban, stage director; Antonesei Liviu, writer, Iasi; Andone Eugen, writer, university professor, Iasi; Andronic Eugen, university lecturer in economics, Iasi; Balaceanu-Stoinici Constantin, doctor, member of the academy; Bernea Horia, painter; Budeanu Delia, newscaster; Beleanu Nicolae, professor, director of the Theological Seminary, Caransebes; Brumaru Aurel, publisher; Brezianu Barbu, art critic; Bogza Geo, writer, member of the academy; Boeriu Nicolae, university professor, Cluj; Bistriteanu Irineu, bishop, Cluj; Balaure Emil, university professor, Iasi; Bolohan Dumitru, university lecturer, Iasi; Belciu Maya, writer; Beldiman Alexandru, architect; Cornea Doina, university professor, Cluj; Cafrita Mihai, actor; Cretia Petru, writer, university professor; Carpovici Mihai, doctor, Vatra Dornei; Ciobanu Mircea, writer; Copel Moscu, stage director; Cristescu Mircea, conductor; Cioculescu Barbu, writer; Cioculescu Simona, researcher; Coseru Emil, actor, assistant director, Iasi National Theater; Cordescu Romulus, economist; Chesaru-Cobilenschi Radu Mihai, student; Circa Tiberiu, doctor, Sighetul Marmatiei; Dumitrescu Sorin, painter; Doinas Stefan Augustin, writer; Danieluc Mircea, film director; Dumitrescu Ticu, president, AFDP; Dobrescu Alex., chief editor, "Literary Conversations," Iasi; Dobrescu Dan, economist, Iasi; Dumitrescu Carmen, journalist; Dumitrescu Doina, graphic designer; Derevencu Gheorghe, journalist; Diacigiu Sergiu, doctor; Dimisianu Georgeta, chief editor; Dimisianu Gabriel, literary critic; Eftimie Cornel, economist, university assistant; Frentiu Sever, painter; Frentiu Zizi, plastic artist; Foarta Serban, writer, director, Timisoara National Theater; Flueraru Marcel, university assistant, Iasi; Flueraru Mihai, university assistant, Iasi; Fusariu Anca, journalist; Flondor Constantin, painter, Timisoara; Georgescu Dimitrie, doctor, Suceava; Georgescu-Botez Elisabeta, Timisoara; Grigore Dan, pianist; Giugaru Mihai, writer; Gulea Stere, film director; Gogea Vasile, writer, Brasov, Astra; Gitlan Ion, worker; Gavrila Ion; Gorovei Stefan Sorin, historian, Iasi; Ghika Ion, physicist; Gheorghiu Val., painter, Iasi; Garofeanu Ruxandra, journalist; Hossu-Longin Valentin, writer; Huidin Gheorghe, driver; Ionescu Grigore, architect, member of the academy; Laurentiu Dan, poet; Marderos Gabriel, professor of medicine, Iasi; Marascu Tudor, stage director; Munteanu Mircea, professor of medicine, Iasi; Mailat Eugen, engineer; Manolescu Nicolae, writer; Mezincescu Simina, plastic artist; Olah Tiberiu, composer; Otiman Paun Ioan, university professor, Timisoara; Paleologu Alexandru, writer; Paunescu Ilie, publisher; Pippidi Andrei, historian; Father Justin, abbot, Cheia; Pesamosca Alexandru, doctor of medicine; Pintea Adrian, actor; Prelipceanu Nicolae, writer; Petruc Victor, lecturer, Iasi; Popa Mirel, university assistant,



Iasi; Popovici Vasile, writer, Timisoara; Paler Octavian, writer; Radoslav Radu, architect, Timisoara; Rebengiuc Victor, actor; Radof Stefan, actor; Raducanu Gheorghe, painter; Robu Nicolae, pro-chancellor, Polytechnic Institute, Timisoara; Spataru Mircea, plastic artist; Stetca Toader, mayor, Sapinta; Seghedin Taras George, doctor engineer, Suceava; Sterian Vali, folklorist; Strain Ana-Maria, professor, Timisoara; Serban Alexandru, university professor, Cluj; Sora Mihai, writer; Sincai Ana, Tanasoca Nicolae, historian; Tanase Stelian, writer; Taran Nicolae, university professor, Timisoara; Ursachi Mihai, writer, director of the Iasi National Theater; Vladea Radu, chancellor, Polytechnic Institute, Timisoara; Zub Alexandru, historian, Iasi.

#### Program Declaration

Fifteen months after the Revolution, our people were surprised to hear of the vote which overnight, adopted a constitutional project that defined the form of the Romanian Government as a republic. This form of government, about which the Romanian people were never consulted, was determined solely by the communist government of December 1947, supported by the Soviet troops in our country. The present authorities have rejected the possibility of a referendum regarding the decision which all Romanians should normally make, whether they want their country to be a republic or a kingdom. It is absolutely evident that the present form as republic supports the preservation of communist structures. An increasing number of Romanians, uneasy with this possibility, have felt the need to act in the interest of establishing a political equilibrium.

This has led to the formation of "Future Romania, a Movement for Truth, Tradition, and Prosperity."

The major reason for forming this association is the present level of total disinformation on the part of the great majority of Romania's population, as well as the wish to prepare it for true national unity and reconciliation.

The aims of this organization are: provide historical information; provide civic information; provide information about the operation of democracy in the most advanced Western countries, about the rights of man, about the economic situation in the country and in the world, and about its prospects.

During the past 45 years, Romania's history, and particularly its modern and contemporary history, has been taught incorrectly and from a biased point of view; moreover, for over one year, rather than reestablish historical truth, the government in power has deemed fitting to suppress the teaching of Romania's modern and contemporary history during this school year.

Similarly, the people are completely uninformed about the major principles and advantages—or disadvantages—of constitutional monarchy or of a republic, whether parliamentary or presidential. We therefore

consider that this state of affairs must be remedied, so that Romania's citizens can knowledgeably judge and decide.

We want to point out that this movement is not an association for either monarchist or republican propaganda.

Consistent with the principles of true democracy, we do not want to influence anyone's options, but rather to enlighten everybody so that when faced with a choice, they can select according to their conscience.

Membership in this association can be obtained at Ion Bogdan Street, Nr. 19, Bucharest, Sector I, beginning on 22 April of this year, between 1000 and 1400.

Belonging to the committee are: Secretary General Simina Mezincescu, Andrei Pippidi, Mircea Ciobanu, Ioana Bratianu, Radu Chesaru, Petru Cretia, Sorin Dumitrescu, Father Justin, Valentin Hossu-Longin, Tudor Marascu, Maya Belciu, Carmen Dumitrescu, Dan Laurentiu.

#### CADA Captain on Trial Speaks Out

91BA0698A Bucharest ROMANIA LIBERA  
in Romanian 7 May 91 pp 1, 2

[Interview with Captain Valerian Stan by Petre Mihai Bacanu; place and date not given: "I Have Not and Will Not Do Anything Against Army Dignity"—first paragraph is ROMANIA LIBERA introduction]

[Text] A few days ago we had a talk with Captain (R) Valerian Stan, one of the members of CADA [Committee of Action for the Democratization of the Army] who was retired last November. Our discussion was occasioned by the fact that recently our interviewee was brought to trial before a military court.

[Bacanu] On what grounds, Captain?

[Stan] The same grounds for which last June all innovative and reforming steps in the Army were banned and for which I was sent into retirement last November. I committed no other crime than to ask for the removal from the Army of those who directly contributed to its subordination to the former regime, punishing those responsible for the repressive implication of the Army in the December 1989 events, and liberating the Army from the tutelage of the current ruling power. I believed and I continue to believe that this is the only way in which the Army can regain the place of its secular dignity in the national consciousness.

[Bacanu] Concretely speaking, what were the points of accusation?

[Stan] They are trying to frame me for "revealing secrets" and "instigation to insubordination." Under the former "crime" I am accused of revealing the contents of telephone message No. 4459/90 in an interview for the weekly EXPRES; the note in question was known to the



public because of its horrible fratricidal orders which allow, for example, the president to "send out TAB's [armored transports] and tanks as reinforcement against demonstrators." Although the document in question was profoundly antipopular and although in itself its issue constitutes a serious crime, in their self-promoting cynicism its authors are trying to persuade the judiciary that others are the criminals. The same violation is also imputed to an article carried by your newspaper which, after sounding a warning about the danger that our Army may once again become dependent on the Soviet Army—we revealed the existence of a recent agreement under which we will import physically and morally worn out Soviet military equipment in conditions extremely damaging to us.

[Bacanu] The former Army leadership denied such an agreement...

[Stan] Yes, but the near future will verify it.

[Bacanu] What about the instigation to insubordination?

[Stan] On 19 November 1990 I told the military cadres before whom my retirement order was read, among other things, that the struggle against communism must be continued in the Army, too. It would seem that the "plaintiff," the leadership of the Ministry of National Defense, was rather annoyed by this call. Although its telegenic spokesmen keep assuring us that communism has been abolished in the garrisons.

[Bacanu] I know that at the end of last year you publicly opposed military intervention in the increasingly extensive popular protests affecting our capital city. Were you indicted for that, too?

[Stan] Not formally. At least for the time being. But I am convinced that this is one of the main reasons for the "blessings" heaped on me by the "democratization" of the Army and that still await me. Ten days after the filing of the report by which I refused to participate in the military actions that were being prepared for the AC [Civic Alliance] meeting of 15 November, I was removed from the Army.

[Bacanu] Tell me please, did the prosecutor's office begin the investigation on their own accord?

[Stan] Not at all. The first entry in my first penal file, 183/P/1990—actually a shameful political trial—was made by the then defense minister, General Stanculescu.

[Bacanu] Under his own signature?

[Stan] I gather that, since you know the general very well, the question is purely rhetorical. In jest I would say that just as he was about to sign the notification, the general got his arm in a plaster cast. What is certain is that he ordered his subordinates—which they admitted and at least formally deplored—to represent him in that memorable action. While such behavior no longer surprises anyone coming from Gen. Stanculescu, personally I cannot understand how "superior orders" can still be

invoked. When those who put their signature on that unjust sentence—hefty soldiers all—excused their shameful act by claiming fear of persecution if they had refused, I involuntarily pictured them next to frail Mrs. Cornea. You try it, too, the effect will amaze you.

[Bacanu] Would you risk predict the outcome of your suit?

[Stan] No. I only want to stress—please make sure you note this—that the military prosecution appears to be on a good track. However, I will take advantage of the opportunity you gave me in order to assure my former comrades in arms that I did not and will not do anything to harm the interests and dignity of the Army. When I say Army I mean the Army, not those who are endeavoring to hide their guilt among its ranks.

[Bacanu] Captain, the Army has had a new minister for the past few days. Does CADA and you personally believe that this marks the beginning of a turn for the better?

[Stan] CADA has not met since the appointment. I think that the new minister is inheriting an extremely difficult situation from his predecessor. As I said on other occasions, Gen. Stanculescu was brought to the leadership of the Army because, in view of his notorious guilt, he could be used to suppress attempts to reform the military institution, a reform that would have given the tone to the entire society, something in which the Power was not interested. In February 1990 it skilfully took advantage of the generous movement launched by CADA to appoint a man who fitted its neocommunist plans. And we have to admit that the maneuver was extremely efficient. By rights the current situation shouldn't be fatal to the new ministry leadership. This leadership must put an end to any unnatural interference imposed by the political power; internally, it must launch and encourage a frank and as broad as possible dialogue. Only thus, when the time of the inevitable parting comes, the current minister, unlike Mr. Stanculescu, will leave the Army with a dignified memory.

#### **Paler on Securitate Records, Deception**

*91BA0784A Bucharest ROMANIA LIBERA  
in Romanian 31 May 91 pp 1-2*

[Article by Octavian Paler: "Three Tactics"]

[Text] Some foreign experts claim that before it improves, the situation in our country will have to get a lot worse. This conclusion sounds almost cynical. But we cannot fault the experts for judging by the facts. And what are the facts? Although we are the East European country with the largest number of parties (88 before the election; that figure later doubled and is still rising, compared to 50 in Hungary, 40 in Bulgaria, and 26 in Czechoslovakia), political pluralism is almost a fiction in our country. The government party has such an overwhelming majority in Parliament that it can easily conduct itself like a sole party. Nowhere, not even in

Albania, is the gap between the number of Parliament members [MP's] of the government party and that of the opposition MPs as great, as a result of which, our strongest opposition is not where it is needed, in the House or in Senate, but in the streets. Foreign experts also see the past hanging on to our feet like a millstone and the fact that our Parliament finds it more urgent to pass repressive laws (following one that guaranteed our right to be legally shot, now they're discussing a law ensuring our right to be spied upon legally) than to shake the state's status as a bankrupt boss. They see the Romanian society simmering, they see the discontent rising, and they see deception, discouragement, and despair deepening, while the old bureaucracy is consolidating its positions and recovering economically what it may have lost politically. In short, the experts increasingly clearly see Romania becoming the great and tragic exception in East Europe. And they conclude: the bad must become worse, it must become intolerable before the good can come. In other words, we are cursed not to be able to get better until we've hit rock bottom.

In order to contradict and foil these somber forecasts, the authorities should look deep into themselves and honestly weigh everything they have done since the moment in which they hastened to take advantage of the youth's rebellion. That would be the only good sign after so many bad ones. But are they willing? And can they? Do they have the strength to give up the nefarious tactics used so far, which betray an obsession to preserve their positions at any cost, regardless of the consequences and of how much the country may suffer?

The first tactic failed scandalously in the wave of terror that washed over Bucharest when the miners were summoned to play personal policemen to the president. That tactic had already been tried in the previous months: at counterdemonstrations that ended in attacks on the offices of some parties; in the staged assault on the Victoria Palace; behind the scenes of the Tirgu Mures tragedy; in the electoral violence, etc., and perhaps even in the suspicious, never cleared story of the terrorists. It does remind one of certain sinister models, but let's not dwell on that. In principle, this tactic was utterly discredited last June and it is hard to imagine that the authorities will risk another international scandal...although who can swear that reason is stronger than the drive for revenge when it comes to people who wouldn't think of getting out of the game?

The second tactic can be defined by a somewhat vulgar expression, but one that has come a long way in the recent political folklore, and that is: "let them simmer in their own juice." For the authorities it has the advantage that it creates the illusion of tolerance, but also the disadvantage that it requires patience. There have been situations in which, repressing their desire to call in the guards, the authorities counted on what was after all a correct idea, namely that indifference may well be more effective than the guards, that people get tired when their protests keep falling on deaf ears, and that after a while,

those allowed to "simmer in their own juice" will naturally become fed up with the futility of their despair, will get demoralized, and will give up, sinking into a resigned disgust, because one needs uncommon strength to keep talking in the wilderness and how many people have this kind of strength in a society whose nerves have been crushed? Consequently, the authorities allowed, for example, the Brasov workers who were demanding before the Senate that the television management be fired, to lose heart by betting on this kind of discouragement. Except that unfortunately, the embarrassing "victories" that the authorities are winning through indifference and the deceptive quiet produced by disgust with speaking in vain, do nothing but exacerbate the evil. They delay without resolving anything. On the contrary, they make the discontent more radical. In these conditions, one wonders involuntarily: is it possible that Messrs. Iliescu and Roman really want us to hit rock bottom?

When I say that I don't mean the inevitable pains required by the transition from a disciplined and planned nightmare to a normal situation in which the individual is no longer a mere cog. To put it in medical terms, the problem is not the "surgery" designed to extirpate the malignancy produced by totalitarianism from our body, but the "doctors." Being by training, or weakness, or reflex too attached to the malignant parts of the economy and the structures, or being too much in the debt of those who decide the "treatment," they will cause the pain of the "surgery" to be, alas, futile. Consequently, the philosophy of "their own juice" has practically only one certain outcome: it magnifies the traumas of the society and forces it to stop believing that dialogue is possible; it also adds to the tab that we all will have to pay.

In order to better understand the third tactic we need to go back to that evening in January 1990 when, under the pressure of the demonstrators gathered in front of the Victoria Palace, Ceausescu's successors decided to outlaw the communist party. One or two days later they reconsidered their decision and announced a national referendum that was later forgotten. Leaving aside the opportuneness or otherwise of those contradictory decisions, we must state that they shed light on a fact that helps explain much: under popular pressure, the current leaders may agree to ideas of which deep down they disapprove or which they never intend to carry out. Already on 22 December 1989 this created a gap between their words and their deeds, which, in order to disguise the contradictions, was filled with manipulations of the truth, demagoguery, and lies. The rulers never dared to deny the radical demands of the society in their speech. In practice, however, they revealed themselves faithful to the idea of perestroika more than to the revolution that of course they do not cease to invoke. The duplicity to which they doomed themselves has become a current method. That explains the false explanations, silences, and omissions and the continued existence of two official truths: one for domestic consumption and one for foreign consumption, as well as so many

others, including the gratuitous lies that prosper by virtue of the habit of lying. No one forced the television representative who interviewed Messrs. Iliescu and Roman to pretend that the interview was live when it was clear that it had been recorded, or that many viewers had called to express "satisfaction" (about a discussion that at the time when it was recorded had not even been announced yet!), something that stirred many caustic comments, including the question: "How can you still believe them?" But let us assume that the president and the prime minister were not responsible for the inane lies of the television, even though these lies were delivered in their hearing. Let's dwell on the latest scandal concerning the archives discovered in a pit in Berevoiesti. Actually, the Watergate that brought Nixon down was a trifle compared to the Berevoiesti discoveries, which clearly showed that the current rulers lied to us: 1) When they assured the country that the Securitate archives were safe; 2) When they assured the country that the Securitate was dismantled and that SRI [Romanian Intelligence Service] had nothing to do with the Securitate; 3) When they assured the country that the secret police was apolitical and was interested only in defending the national interests, not the interests of the government party against other parties. Three official lies that have now been proven and that, anywhere else in the civilized world, would have caused the people in power to present their resignation. After something like that, indeed how can we still believe them? And even if believing that politics and ethics can meet may be a sign of stupid idealism, we still tend to believe that nothing serious and lasting can be built upon lies.

## YUGOSLAVIA

### Tudjman Visit to Trogir, Speech in Split

91BA0667A Split SLOBODNA DALMACIJA  
in Serbo-Croatian 6 May 91 p 2

[Article by Viktor Ivancic—first paragraph is SLOBODNA DALMACIJA introduction]

[Text] At the ceremony at the Split airport greeting the DC-9 airplane carrying Dr. Franjo Tudjman and around 160 guests from Zagreb, Dr. Davorin Rudolf, Dr. Zvonimir Markovic, and Dr. Onesin Cvitan, on the behalf of the hosts, extended a welcome to the passengers on the first Croatian airline.

Trogir, 5 May—Amid the sounds of a brass band and the applause of the numerous guests, the DC-9 from Zagreb landed at the Split airport at exactly 1330, thus launching Croatia's first airline, the Croatia Airlines aviation company. The first passenger to emerge from the aircraft was Dr. Franjo Tudjman, the president of the Republic of Croatia. Traveling on the same flight, besides him and his wife, were more than 160 guests, representatives of the political and public life of Croatia in Zagreb, including Stjepan Sulimanac, Antun Vrdoljak, Bernardo Jurlina, Josip Boljkovac, Dr. Marijan Hanzekovic, Pavle Gazi, Frane Vinko Golem, Janko

Dobrinovic Vranitzany, Hrvoje Hitrec, Boris Buzancic, Mladen Vedris, Ankica Babic, Ivan Zvonimir Cicak, Ivan Ceasr, and many others. The guests were greeted by Dr. Davorin Rudolf, Dr. Zvonimir Markovic, and the mayors of all the Dalmatian opstinas, as well as many other representatives of the economic, political, and public life of Split and Dalmatia.

The welcome was given by Split Mayor Dr. Onesin Cvitan, who emphasized that "despite the sorrow and all the difficulties that have befallen us, this is a star-studded moment which we have long awaited, because it symbolizes the realization of Croatian sovereignty." The guests were also welcomed by Tomislav Cicek, the president of the Executive Council of Kastel, who expressed to Dr. Tudjman the unqualified support of the people of this region. "At your calling, we will all stand in defense of the Republic of Croatia and oppose the imperceptible Greater Serbian and Chetnik invasion."

The assembled crowd was then addressed by Dr. Franjo Tudjman, who said that with the first flight of Croatia Airlines, the capital of all Croats is linked to the birthplace of Croatian statehood, and that "the fact that we have taken off into the Croatian skies in our own airplanes is proof that the Republic of Croatia, one year after the establishment of democratic rule, is already able to realize even the greatest economic tasks." With these airplanes, he said, "we are registered in the skies of Croatia and of the world, we become a constituent part of an integrated world, but of a world that also yearns for freedom and equality, while even today the Croatian nation of people must struggle for its freedom and sovereignty in its own country. But just as we were able to establish democratic rule, to raise up the Republic of Croatia and take off from its land into its skies, in the same way we will be able—very quickly—to establish peace in all traffic in Croatia."

Unfortunately, Dr. Tudjman said, our experience has also shown that there can be no freedom without sacrifices. But the Croatian nation has managed to survive and hold its own against much greater conquerors, and it will manage to deal with Greater Serbian and Chetnik pretensions, which are readying themselves for the slaughter of our young men in Croatian villages.

He emphasized that the majority of the Serbian population in Croatia wants to live in peace with Croats, and that the disturbances are being provoked by "a handful of extremists who have placed themselves in the service of Greater Serbian expansionism and the Chetnik axis in Belgrade," activity that is not approved of by a large number of Serbs. "I believe that the Serbs themselves will contribute to the expulsion of the outlaws, despots, and terrorists who are killing policemen, which is regarded as the greatest crime throughout the democratic world. Thus far, we have had to be very circumspect with regard to the outlaws, because we have not had the police forces that we need. But now we have created our own police forces, we are creating a national guard, and we will create our own army! The Croatian land, the

Croatian sea, and the Croatian sky shall be free!" Dr. Tudjman stressed, to the sound of enthusiastically approving applause.

He urged, however, that reason prevail on the road to this goal, that no reckless steps and breaches of the peace be undertaken, in this way thwarting those who want to provoke a war against Croatia. "We do not need a Croatia in which hundreds of thousands of young people would perish, but rather a Croatia of people who are free, joyous—and alive. But if it is necessary for us to liberate this Croatia to the very end, then we will not shrink from struggle nor from sacrifices."

President Tudjman also urged that people not be tricked by provocations "by those who already recognize the secession of Croatia, because we must take into account our internal relations. We want to show the Serbs who live with us that we guarantee their civil and national rights, that it is others who question their very existence, and we also want to show the whole world that we are democrats and that we are for political solutions, both in Croatia and in Yugoslavia."

Referring to the upcoming referendum and proclaiming his manifesto in connection with it, Dr. Tudjman emphasized that Croatia wants to enter into an alliance with other states only as an independent and sovereign state, "and this means that we want to be an international entity and have our own armed forces." In our policy, in which we take into account realistic relations, we want to enjoy the support of the democratic world, but let it be known that we are pursuing a policy based on the interests of the Croatian people and that we will not submit to any dictates and suggestions that would be contrary to the interests of our people and to the sovereignty of Croatia, President Tudjman said.

After his speech, Dr. Franjo Tudjman, together with the management of Croatia Airlines and numerous guests, left for the Hotel Medena in Trogir, where a cocktail reception was arranged. There, the president of the Republic of Croatia met with basketball players and members of the management board of the POP 84 basketball club, congratulating them on the titles that they had captured. Afterwards, a meeting with representatives of the assemblies, the executive councils, and the HDZ [Croatian Democratic Community] executive committees from Dalmatian opstinas was held in the hotel ballroom.

A little after 1700, President Tudjman, accompanied by the other elite passengers on the Croatia Airlines promotional flight, returned to the Split airport, where he was greeted by an ovation from several thousand assembled citizens before returning to Zagreb.

#### **Details on Rift in Socialist Party of Serbia**

91BA0660A Belgrade NIN in Serbo-Croatian 26 Apr 91 pp 28-29

[Article by Toma Džadžić: "East of the Party"—first paragraph is NIN introduction]

[Text] Even though for the most part there is official silence on the matter, a San Andreas Fault has opened up between communists and socialists in the ruling Socialist Party of Serbia [SPS]. If the increasingly vocal desire by the rank and file for a special congress is complied with, the shock waves will soon come to light.

Prime Minister Dr. Dragutin Zelenović's comments to NIN last week about the Socialist Party of Serbia, which installed him in the post of prime minister as one of its faithful, represent not only one of the most significant heresies in the socialist-communist world, but also the greatest proof that some sort of San Andreas Fault is in fact emerging within the ruling party, a division that has been anticipated by the public for some time now. Let us recall what Dr. Zelenović told NIN:

"...We agreed to call in the SPS Executive Committee and discuss with it that party's strategy and its development on the basis of our views. Because we must conclude that our views right now are somewhat different from the views of that party.

"That party is inflexible, it has no leading cadre who can ensure us further prosperity.... It expects our program to be its program...."

#### **Masked Dogmatists**

Only a month or so earlier, Slobodan Vucetic, until recently a member of the Serbian Presidency and one of the authors of the new Serbian Constitution, had come out in favor of a multiparty system. At the time, "malicious ideas" like this were officially considered antisocialist and antiworker subversive propaganda, i.e., tantamount to a "discredited" restoration of capitalism and bourgeois society.

Last February, Dr. Vucetic, in addition to his "blasphemy"—"there are also no prospects whatsoever...for an economic system based on a monopoly of social ownership, which is in turn managed indirectly by a political oligarchy through the one-party state..."—gave voice to the most serious "comradely criticism" of his party. Specifically, he remarked that the strongest "dogmatic forces," personified by the leading figures of the University and City Committee of Belgrade at the time, "stubbornly resisted the profound transformation of the League of Communists [LC] and the formation of the SPS." Later on, however, it was these same people, according to Dr. Vucetic, who became some of the most vocal defenders and promoters of the idea of forming a socialist party.

#### **Verification of Mandate**

The essential, ideological change in the "dogmatists," which was effected literally overnight, prompted Vucetic to think that the communists who were "hard-liners" until recently did not suddenly become sincere adherents by conviction, "but rather pragmatists in the everyday

sense of the word." It was very easy for them to make up their minds when faced with the dilemma of "ideals or power."

To these two (Zelenovic's and Vucetic's) authoritative and unsparing criticisms of the "scoundrels in our own ranks, who will cost us our lives," as Lenin would have said, can be added the numerous demands by certain opstina committees of the SPS that a special congress be held. It is almost possible to clearly foresee a dividing line between two, shall we say, utterly opposed currents within the SPS.

The main reproaches from the rank and file as well, which are clearly discernible among the public, are directed at the "dogmatic forces in the SPS," and well as those within the ranks of the University and City Committee of Belgrade. The basic sequence of events is for such assessments in the press to be corroborated by any authority from the party ranks.

Four notable figures—from the opstina level to the executive committee level—with whom I spoke were privately more than loquacious, but time and again, under various pretexts, they graciously asked that their names not appear in NIN at this time. Finally, one of them—Dr. Vladimir Stambuk—agreed afterwards to allow this.

Whatever the case, these stories show that there are differing positions within the SPS, positions that differ from the official ones: that social ownership must be reprivatized (Dr. Zelenovic and Vucetic, member of the main opstina committee); that it is more than necessary to democratize the workings of the party; and all the way up to the view that new elections are inevitable. For the most part, the membership is asking for direct election of the highest leadership of the Socialist Party, and that it be headed by one person, and not by a Presidency, as is the case right now.

#### Question of Honor

"We are asking for a special congress, because practically speaking we have never had a congress," a member of one of the Belgrade opstina committees of the SPS confided to me. In his view, the congress unifying the League of Communists and the Socialist Alliance yielded an "unprincipled coalition." The members of the former supreme bodies of both organizations—even though, of course, they were all unacquainted with one another—practically elected themselves as the newly created party leadership. Surely it is more reasonable for each of the 110 or however many members of the Main Committee of the SPS to be elected solely by the members of the opstina committees and to have their mandates confirmed in this way.

The most frequently mentioned functionaries among the socialists who would have to prove their "base of support in the rank and file" in direct elections are Rados Smiljkovic, Snezana Aleksic, Vljako Petkovic, Milos Aleksic, Milos Laban, Mihajlo Milojevic.... Perhaps

some people who consider themselves among the best acquainted with conditions within the SPS will include in this list of figures those who have at least one common trait: members of the so-called hard-line wing of the party, like Rados Smiljkovic's predecessor at the head of the Belgrade City Committee of the LC, Dragisa Buca Pavlovic. It appears that many current well-known SPS figures were cloned from Pavlovic's political genes.

On the other hand, Prof. Ratko Markovic has left the party leadership, considering it a question of honor since he lost the election for a seat in the assembly.

Two other members of the Main Committee of the SPS who also lost in the elections—Dr. Milos Laban and Dr. Milos Aleksic—are to this day refusing to consider that they may have also lost the confidence of a sizable number of voters. And of course they have kept their high posts in the party.

Some observers see a split in the party based on these gestures as well.

Those who were not previously convinced of the decisive influence of the formerly leading and avant-garde LC and of the current, "merely" governing Socialist Party of Serbia will recall that the crisis in that party has almost regularly given rise to the much greater crisis in society as well.

There have been so many party crises that one has simply overtaken another, in a continuous flow—one could say, "something like the current crisis"—and naturally they have unfailingly brought with them serious trauma for the entire life of the country.

One could say that this was a true crisis-ridden party. Or better yet, it is a party of crisis. Through its inherently clumsy actions, it has vigorously continued to influence the provocation of widespread, more than stressful situations, which degenerated on 9 March into the opposition rally in Belgrade where, besides many beaten-up citizens and wounded policemen, one youth and one member of the security forces were killed.

Because all this happened, the last issue of NIN contained an explanation by Serbian Police Minister Radmilo Bogdanovic, revealing that he, himself, had warned of possible disturbances and proposed that the problem with the opposition be resolved by political means. This, he said, met with a negative reaction from SPS General Secretary Petar Skundric, who said, "We have a clear position, which we must defend here. Why is Radmilo intimidated by this, to what are we accountable? We will decide when we should be held accountable, and when we should not."

#### One Hand Washes the Other

Even though it is known that the opposition is not exactly without its faults, it is even clearer that by changing its name, the Socialist Party of Serbia has not transformed itself. Or better put, it has retained many of

the characteristics of the former totalitarian communist party and grown into some sort of hybrid party: a little communist and a little socialist. Thus, one of the main reproaches from its rank and file, which is becoming increasingly vocal, is that "it has not adopted a clearly defined image in the political realm." This is interpreted by the leadership simply as some form of "reflex from the election campaign."

The main woes appear to be a consequence of the Pyrrhic victory by the socialists, who continually exult in the assembly over the fact that they hold power. However, this is a "one hand washes the other" type of power.

By mere virtue of the fact that it is in power, the Socialist Party behaves towards the opposition like in the "good old Bolshevik days," refusing to agree with them about anything. As if it (the opposition) is still a "subversive, enemy element."

Naturally, under such circumstances it is impossible to concur on almost any question in the republican assembly. Practically speaking, the workings of the assembly are blocked.

Such a ridiculous situation has motivated a former Serbian minister for internal affairs to say in an interview with NIN, "We should not abuse the fact that we are the party in power; rather, we must respond to arguments from the highest level of the party."

The socialists took power fair and square, but they must be aware of the fact that this is not the English parliament, with 400 years of democratic tradition.

This is a weak, postcommunist system, where the opposition must be incorporated into activities, as in all the democracies of the world, in order for it to function better.

This has obviously been sensed by people in many opstina committees of the SPS who are now demanding the democratization of their party, if they are to stand together on more solid footing.

The fresh wind that is blowing into this "schismatic" wing of the SPS is reflected in the response by the head of one of the opstina committees who, when it was noted that there is talk of Borisav Jovic as the new socialist chief, retorted laconically, "We'll see whether a member of the SFRY Presidency can also be the chairman of the party!"

### **Serbs Outside Serbia Hold Key Positions**

*91BA0661A Belgrade NIN in Serbo-Croatian 26 Apr 91 pp 20-21*

[Article by Svetislav Spasojevic: "People From the Dinarics Run Honorary Lap"—first paragraph is NIN introduction]

[Text] Why are key positions in the Serbian government and opposition held predominantly by Serbs from Montenegro, Hercegovina, and even Croatia?

The most delicate Serbian political topic today, which has moreover been a subject of public debate for some time now, is reaching "critical mass," and it will finally have to be officially addressed. Specifically, why are the key positions in the Serbian government and opposition, extending from Horgos to Dragas, held predominantly by Serbs from Montenegro, Hercegovina, Croatia? Are Serbs from the central part less threatened, and for that reason not politically active enough, lacking the discerning sense of concern and desire of their compatriots from the fringes of the Serbian national territory? Or were they simply circumvented during an inadequately rational division of power?

On this issue, in order that the occasional malicious reader can form a biased interpretation of this article, NIN will not deal exclusively with the issue of the "violent annihilation of political adversaries," but also with the conjecture that native Serbs have perhaps consciously surrendered power to others, believing that now is the time for emotion, for a shake up in politics, but clearly not for Pasic-style resourcefulness.

### **Rulers and Subjects**

Employing elements of petty political dexterity in order to shed light on this subject, at a time when the leadership ranks of the government and opposition are unanimously calling for unity among Serbs, and accusing those who do not want to wander about blindly of potentially dividing the Serbian nation because of their capture of key positions is tantamount to doing exactly the thing that others are accusing them of: dividing Serbs according to their immediate, and even geographic origin, and into talented rulers and peaceful, docile subjects.

The last supreme center of power of what is now, we believe, already the former communist Serbia—the Presidency—is composed of Slobodan Milosevic, Mihalj Kertes, Jurij Bajec, Slobodan Vucetic, Skender Karahoda, Miroslav Djordjevic, and Aleksandar Bakocevic. Only the last two men are even second-generation Serbs from the mother republic! This means two Serbs from the central part of the Serbian territory, two Serbs from the diaspora, and one Hungarian, Albanian, and Slovene each! The cadre policy of the communists has continued even after their hasty metamorphosis into socialists.

Before the December elections, well-known Serbian writer Danko Popovic told the newspapers, "I have already expressed my displeasure about the fact that there are no people from central Serbia among the leaders of the serious parties. I have warned that the role of people from Serbia is not solely to construct the Tower of Skulls, to emerge victorious at Ivankovac and Misar, at Cer and Suvobor, to be killed at Mackovi Kamen and at Kajmakalan. They, the people from the Morava region, also have the good sense necessary for political,

agricultural, and governmental thought. Finally, they are not only the central part of the Serbian nation in the geographic sense. They have never had any opportunity to be anything but Serbs. They have never had Muslim converts or Uniates, none of them have been able to assimilate, never have they been able to choose between two nationalities, to have a reserve nationality in the homeland. It is not a good thing that they are not represented in the party leadership. This cannot be a good thing in the future either. This is of serious significance."

When all is said and done, present-day Serbian politics is devoid of native Serbian intellect. This conclusion is inevitable for many reasons. For example, what will happen if, in some way, Serbia is enlarged into a state for all the Serbian people, but there is no participation, as things now stand, by prominent native Serbs? Or: Who will sustain the damnation from a definitive defeat of Serbian maximalism if such a move is not led by Serbs from central Serbia?

### Happy People

We Serbs are a happy people, but our life is often, as Crnjanski would say, directed by chance—a comedian. And after—God forbid—the failure of our current policy we will all say happily, "Look at what happened to the Russians! The Serbs are not the first or only people to be destroyed by maximalism."

Sarajevo's NEDJELJA ran an article with the following headline: "Montenegrin Story." The article was signed by colleague Rajko Cerovic, I assume a Serb from Montenegro or a Montenegrin. After several sarcastic comments about the "antibureaucratic revolution," Cerovic cleverly notes that Serbia has been occupied by his fellow countrymen, whom he divides into immigrants and the children of immigrant parents: Slobodan Milosevic, Matija Beckovic, Aleksandar Prlja, Batric Jovanovic, Milos Laban, Jovan Strikovic, Radoman Bozovic.... "At this critical time in the events of the nation," Cerovic says, "the head of TANJUG, ostensibly a pan-Yugoslav agency, is Mihajlo Saranovic, the full brother of Radomir Saranovic, the current minister for culture in the government of truth-loving Dragutin Zelevovic...."

The only dilemma is whether the Saranovic brothers are Serbs from Montenegro or Montenegrins, or perhaps members of both nations, while the top man in the Serbian government, as well as both Unkovices, who hold the top positions in the Serbian Assembly and the Belgrade Assembly, are Hercegovinans by origin.

Of the four daily Belgrade newspapers, three are edited by Montenegrins or—with excuses for the repetition—by Serbs from Montenegro: Manojlo Vukotic at BORBA, Rade Brajovic at NOVOSTI, and Aleksandar Prlja (for now only temporarily) at POLITIKA. The new acting director of Belgrade Radio and Television is Ratomir Vico, a Hercegovinan.

Without question, the two leading figures in the Serbian opposition are Vuk Draskovic and Dragoljub Micunovic. The former is a Serb from Hercegovina, and the latter is from Montenegro. A third opposition figure, about whom other authorities besides the Serbs are hesitant, is Vojislav Seselj. He too is Hercegovinan. If we go beyond the postwar borders of Serbia for just a moment, we also see that the leader of Serbs in Bosnia-Hercegovina, Radovan Karadzic, is also a Serb from Montenegro.

The list of Serbs from Montenegro, Hercegovina, and to a certain extent Croatia, as well [those] who hold important positions in central Serbia, is quite lengthy, and it would take up a great deal of room for us to note all the names. We have mentioned the most important ones, although we are not certain that we have not missed some of them, despite our meticulous care.

The author of *Knjiga o Milutinu* [Book of Milutin], Danko Popovic, in the aforementioned interview, says, "Some day, history will pronounce judgment on the extent to which the Serbian national movement has been taken advantage of and damaged by the leadership pretensions and superficial careerism of individual leaders."

The aforementioned journalist, Cerovic, is much more drastic in his assertion: "To all appearances, the Serbs, as a normal and submissive nation, have been unable to find the key to identifying a specific type of Montenegrin deception...." We are not inclined to give credence to this assertion. The nation whose saying is, "Who me?," is not exactly completely naive, although it easily and magnanimously accepts the role of liberator and unifier, but only as far as the deeds of warriors are concerned. To be sure, troubles arise when the liberator at the head of the column does not see people from his own village on this road. It is more than a good thing, he thinks, that there are some other people here with him, but what about Milutin, where has he disappeared to?

### Weakening of the National Front

While spending the past few days in Kosmet, we had the opportunity to experience firsthand the clear and deep division of Kosmet Serbs into old-timers and newcomers from Montenegro and Hercegovina. From Kosovo Polje to Pristina and all the way to Belgrade, the key positions in nearly every form of human activity are held by newcomers, thus driving the old-timers to despair. The old-timers in Kosmet say that they took part in the execution of the "revolution," but that their brothers took over power right in front of their eyes, and with the assistance of relatives from Belgrade. This is why today there is only one Kosmet old-timer on the 15-member Main Committee of the Socialist Party of Serbia!

How long will the periphery be able to use the core? What will happen if some day the core quits? On that day, it is possible that there will no longer be a periphery, nor a core for that matter. The wisdom of a long life is of equal use to all human organs.



In the next to last issue of NIN, the great Serbian painter and thinker Mica Popovic says, "... And even today, some disparaging Serbs have a tendency to say, 'No one will smother us as much as the lousy Serbs outside Serbia will devour us.' But all these things simply should not be said, although within our situation it is presumed to a certain percentage...."

Is the bad, improper, and—for the Serbian nation itself—harmful distribution of power the prelude to a weakening of the pan-Serbian national front? Clearly it is. It is quite simply the beginning of the destruction of the Serbian national bloc. This word is admittedly too strong, but it is a true assessment. Let us remember that the seed of Serbian unity was painstakingly created over the course of years in the cradle of the Serbian nation—in Kosmet. The rift into old-timers and newcomers, because the latter have occupied almost all key positions, has lately been spreading like a storm throughout the southern province. If it changes into a hurricane, trees will be felled, especially those with shallow roots.

Nor is the northern province immune to all this. Naturally, in the north everything is much more delicate, because the ethnic composition is much more diverse and numerous. It is not difficult to find people in Vojvodina who say—although not for the record, at least for now—that the Montenegrins are in almost the least numbers on the plains, but that they are in the greatest numbers in the government!

The ideal of the Serbian statehood notion consists of not only the desires of Serbs from the periphery of the total Serbian territory, or the ambitions of Kosmet and Vojvodina old-timers, and least of all the perhaps increasingly exhausted, consumed, and worn-out inhabitants of the Morava and Sumadija regions. For now, all Serbs are more or less pursuing the national goal with roughly equivalent thoughts and ideals. Whether they will achieve that goal depends to a large degree on the composition of their leadership.

The newspapers say that what they do not publish did not happen. So now we know that from Horgos to Dragas, Serbs from Montenegro and Hercegovina have predominantly been assigned to nearly every key position. The concept of this ever-increasing number of Serbs from Serbia is an affront to reason. Maintaining silence about this leads us in turn to a policy of lies and deception. Talking about it is not a solution in and of itself, but does offer hope that a solution will be found.

#### **Court President on Constitutional Breakdown**

91BA0691D Belgrade VREME in Serbo-Croatian  
6 May 91 pp 17-19

[Interview with Milovan Buzadzic, president of the Constitutional Court of Yugoslavia, by Milos Misovic; place and date not given: "Mouths Full of Democracy"—first paragraph is VREME introduction]

[Text] The occasion for interviewing a man who heads the highest judicial institution was his recent speech in the Federal Chamber of the SFRY Assembly, where he informed the members of that chamber that Yugoslavia faces a disintegration of its own constitutional system. Although he did not agree that this statement to the delegates of the Federal Chamber sounded like a cry in the wilderness, the president of the Constitutional Court did agree to explain in more detail for VREME readers the manner in which the federal legal order is being destroyed. The interview began with the question of where the causes of this phenomenon are to be found.

[Buzadzic] The Constitutional Court of Yugoslavia does not go into how any legal act came into being and what guided the legislator when he adopted it. That is the domain of the sociological study of the law. The Constitutional Court merely evaluates whether such an enactment is contrary to the SFRY Constitution and federal law and renders a decision on that [basis].

[Misovic] If the frequency of conflicts of republic statutes with federal statutes, as you said in the assembly, is increasing with every passing day, then it is probably not a matter of disputes that arise under normal conditions.

[Buzadzic] Unfortunately, disputes that arise under normal conditions have not been involved for a long time now. Although there is no question that such disputes also exist, in the last two years it would be hard to find a conflict between republic statutes and the federal constitution that arose under normal conditions. That is, the normal things that happen in the law have not been involved for a long time, but rather a complete departure from federal legislation. That is what characterizes our present legal situation.

[Misovic] Who are the initiators and protagonists of that kind of behavior?

[Buzadzic] The protagonists are the republics, which behave like completely independent and absolutely sovereign states, caring not whether any of their statutes contradict the federal constitution. They feel that they should arrange their internal relations the way they see fit. And now for all practical purposes we have six separate legal systems.

[Misovic] Is it possible to clarify what motivates the republics in this desire?

[Buzadzic] I would say that every republic is emphasizing its own reasons and separate interests in order to organize itself as it sees fit, independently of the federal legal system.

[Misovic] To what extent is it possible in that situation to secure for the government the right, as you lawyers put it, to govern politics?

[Buzadzic] Unfortunately, there is less and less of that. The present situation is characterized by a strengthening of political power over the law. That is, everyone's mouth is full of democracy, but there is little real



democracy. Many people are also appealing to a law-governed state, but it bothers them not at all when judges and public prosecutors are removed from office and their places are taken by members of the parties in power. They do that with ease, although federal law envisages that judges may be replaced only under the conditions envisaged by law. Such procedures, you will agree, cannot be a feature of a law-governed state.

[Misovic] Because nothing in life occurs accidentally, I suppose that the destruction of the federal legal order was not accidental. The only question is whether that kind of behavior of the republics arises out of the unsuitability of the existing federal statutes or is governed by something else?

[Buzadzic] I think that that is the right question. Erosion of the Constitution of Yugoslavia and of the country's entire legal system began with the excuse that the federal laws do not meet the new circumstances and the new times. It was said that time had passed them by. There are two comments I must make in this connection. First, it is a fact that the Constitution of Yugoslavia, aside from its good features, has quite a few weak points. It truly has become separate from life, it is deprived of the juices that feed it, it no longer is in line with social developments, and it is not possible to use it in going further to reforms and democratization of social relations.

[Misovic] There have in fact been public debates of some of these issues.

[Buzadzic] Yes, one of the debates was about whether a multiparty system could be established under the Yugoslav Constitution? Opinions were divided. I personally took the view that the federal constitution allowed that. Incidentally, the Federal Assembly did adopt a law on political parties, although the federal constitution was not amended. However, that view did not prevail. I would also recall the unsuitability of the federal constitution for transformation of social ownership and stimulation of self-employment. It was evident, then, that it was becoming an impediment to many things. But I must also say that the republics used all that as an excuse for what they undertook independently as though the federal legal order did not even exist.

[Misovic] The question arises from what you have said as to why the federal constitution and other statutes were not amended in good time and adapted to the needs that had arisen?

[Buzadzic] Some amendments were made when the series of amendments were adopted in 1988. But even that was soon superseded. Afterward, if you remember, there was a long debate of proposals to amend the constitution further. There was also the proposal of the Federal Executive Council, which was adopted by the Federal Assembly.

But the republics did not want to accept that, but committed themselves to adopting their own constitutions, that is, amendments to the constitutions which to a large extent were contrary to the Yugoslav Constitution.

[Misovic] However evident the shortcomings of the federal constitution might be, it is logical that it should have to be respected so long as it exists. Why was respect for existing statutes not guaranteed by the legal mechanism that existed, above all the Constitutional Court of Yugoslavia?

[Buzadzic] It is much easier to put that question than to make a satisfactory answer to it. If there is goodwill and a readiness to live in a joint state, the right way for such a life is to first amend the federal constitution, and then, consistent with the amendments, to adopt republic constitutions and laws. However, the republics do not consent to that, but are deliberately headed toward real independence and rounding out their sovereignty.

[Misovic] Did federal authorities do everything necessary in good time to adapt the federal legal system to the new circumstances?

[Buzadzic] The amendments proposed by the Federal Executive Council made it possible for almost all the contradictions between the republic constitutions and federal constitution to be removed if those amendments were adopted. But the republics did not allow the contradictions between their statutes and the federal constitutional order to be corrected in that way. That is, they said that the federal constitution was no good, but when amendments were offered—they simply did not accept it. In other words, they will not tolerate any dependence on federal statutes.

[Misovic] When did the serious violation of the federal legal system begin?

[Buzadzic] It began in 1989 with the adoption of the first amendments to the republic constitutions. Then proceedings were conducted in the Constitutional Court of Yugoslavia to ascertain the opinion as to whether those amendments were contrary to the Yugoslav Constitution. Those proceedings lasted several months, and the Constitutional Court judged that all the republic and provincial amendments (except in Montenegro) had provisions contrary to the federal constitution. And we submitted that opinion to the SFRY Assembly.

[Misovic] What happened after that?

[Buzadzic] Only Bosnia-Herzegovina, aside from Montenegro, which did not have contested provisions, corrected the provisions in its amendments that were contrary to the Yugoslav Constitution. The other republics did not take this under consideration, although the Federal Chamber of the SFRY Assembly resolved that the republics were to do so within three months. The possibility existed of removing some of the contradictions by amending the federal constitution. But even

those solutions were not accepted. They simply did not accept any debate to amend the federal constitution. They are attempting to sanction the primacy of republic statutes over federal statutes by rounding out republic legislation. In Slovenia, for example, a list has been drawn up of federal laws which are proclaimed invalid on the territory of that republic. It was also stated that only federal laws approved by the Slovenian Assembly take effect in Slovenia.

[Misovic] Does not this attitude of the republics derive from confused concepts of sovereignty? Can a republic contest the validity of a federal statute if it has not withdrawn from the federal state to which it transferred a portion of its sovereignty?

[Buzadzic] The republics cannot dispute that Yugoslavia exists as a governmental and legal entity, the validity of its constitution and federal laws, nor can they deny the existence of those laws. The federal constitution does not dispute that the republics are sovereign, but the fact that they are sovereign does not mean that the federation does not exist as a legal entity and that it is not supposed to behave as a state in those areas defined as the common interest in the federal constitution. When that right has been accorded to the federation, the question cannot be raised of whether it should also exercise that right. However, the practice of contesting and not respecting federal statutes has become so widespread and well-established lately that it is a question whether the legal system inaugurated by the federal constitution and federal laws still exists?

[Misovic] When that is said by the man who heads the institution which concerns itself to protect constitutionality and legality, who, then, are we to expect to oppose that practice? [Buzadzic] I would reply to that with the words of Gustav Radbruch, the prestigious expert on constitutional law: "Democracy is worth every attention, but a law-governed state is like our daily bread, like water to drink, like air to breathe." Such a state is, of course, possible under democracy.

[Misovic] Did we not observe a while back that many people in our country have "mouths full of democracy"?

[Buzadzic] We did. We also observed that many republic leaders make references to the law-governed state. But what does it mean to refer to the resources of a law-governed state and not recognize the legal order of the state in which we live?

[Misovic] That kind of behavior on the part of the republics raises a question which perhaps someone else should answer, but it would also be interesting to hear your opinion. The Federal Chamber of the SFRY Assembly recently heard your exposition, which I would say is alarming, concerning the state of the federal constitutional system. It accepted your assessment, but it is not enough to loudly sound the alarm because of the situation as stated. How should this be interpreted?

[Buzadzic] I cannot answer on behalf of the Federal Chamber, but I can state my opinion. Unfortunately, the Federal Chamber, which is the supreme federal body, is in a similar situation. It is also divided to a great extent. When the delegates debate these and other issues, they are more concerned about the views of their republics than about legal logic. We have even heard the objections that the Constitutional Court of Yugoslavia contributed to the Federal Chamber abolishing consensus and making decisions by majority vote. However, it is well-known that the Federal Chamber has never made decisions by consensus. But I would like to say that by their behavior the republics have prevented the Federal Chamber from making decisions in the way envisaged by the federal constitution. Aside from that, we should also bear in mind the actual situation—if the republics do not respect the federal constitution and federal laws, we cannot expect the delegates from those republics in the Federal Chamber to sound the alarm, as you put it, because of that situation.

[Misovic] But there were differing interpretations in the assembly as to the jurisdiction of the Constitutional Court.

[Buzadzic] Yes, there were opinions expressed in the debate which consciously or unconsciously envisaged the jurisdiction of the Constitutional Court of Yugoslavia. They forgot that that jurisdiction was established and delineated by the SFRY Constitution, with which the Constitutional Court is strictly concerned. The Constitutional Court of Yugoslavia rules on the constitutionality and legality of general legal acts, not on the application of a legal enactment to some particular set of facts. The Constitutional Court is supposed to bring a general legal act into conformity with the constitution and law, that is, it is supposed to eliminate from the legal order those general legal acts which are unconstitutional and unlawful. In other words, the Constitutional Court of Yugoslavia does not rule on individual acts and actions, it does not have the right to decide on violations of the constitution committed apart from general legal enactments, or of violations of the constitution and the law by officials, nor the failure to apply the constitution and law, which is in the jurisdiction of other bodies.

[Misovic] If the Federal Assembly is in such a position, where, then, do you see the way out of the present situation?

[Buzadzic] The Federal Chamber is obviously not in an enviable position. However, in my opinion it must find the strength to fight to get federal enactments respected. I see the way out in adoption of amendments to the federal constitution, because otherwise it is not possible to reach an agreement on the future arrangement of the joint state. And that means that even agreements on that would be transferred to the body specified by the constitution, above all to the Yugoslav Assembly. The current talks about this have been completely withdrawn from the SFRY Assembly as well as from the republic assemblies. That is not a good thing, and these strained

bargaining sessions are beginning to irritate the citizenry. But when it is a question of seeking solutions to such important issues, not only the assemblies, which are authorized under the constitution for that purpose, but also the representatives of the various parties and above all the scientific potential and all the creative forces of the country should be involved in that.

[Misovic] How do you think it is possible to involve representatives of parties when elections have not been held to a multiparty Federal Assembly?

[Buzadzic] Those elections should be held as soon as possible, because the Federal Chamber should also become a multiparty body in the true sense of that word.

[Misovic] I would suggest that we dwell a bit more on the attitude of the republics toward federal laws. If those laws for certain reasons do not suit the republics, why is it, then, that they take over certain federal standards and incorporate them into their own laws?

[Buzadzic] That is one of the characteristics, not to say anomalies, of our present legal situation. In denying recognition of the federal legal order, the republics want to build and round out their own legal systems, completely independent of the federal legal order. It seems strange only at first that standards which are not recognized in federal statutes are taken over unchanged and become valid in the republic laws. In my opinion, this is done for two reasons: First, because it is not easy to build your own legal system, so that existing standards are taken over and they can later be adapted to their own needs, and second, which is much more important, they do not want federal law to be applied on their territory.

[Misovic] Is that the reason why the dispute arose over applying the new criminal law of Croatia in the present trial of the group of individuals in Zagreb?

[Buzadzic] Yes, that is the most characteristic example. What under the Yugoslav Constitution can be regulated only by the federation, and those are crimes against the foundations of the system of government, terrorism, armed rebellion, and the like, has simply been carried over into the republic criminal law, regardless of the objections made earlier to those and other provisions of federal laws.

[Misovic] By what logic is this being done?

[Buzadzic] This has both its logic and its reasons. If legal standards for whose enforcement the federation is responsible, and it is the federation that also has the appropriate instruments for that, are carried over into the republic laws, then the federation is eliminated from that domain. The trial in Zagreb which you mention is a specific example. If the responsibility for such crimes is transferred to republic jurisdiction, then the jurisdiction of the military courts is precluded; then the federal public prosecutor does not have the right to file a request for protection of legality; then the individual cannot use the legal remedy for extraordinary examination of the

verdict before the Federal Court. In that case, the federal public prosecutor could not undertake the proceedings of prosecution either, nor could he oversee the proceedings.

[Misovic] What is achieved by that in practical terms?

[Buzadzic] A great deal is achieved. The assumption of those powers completely eliminates the federal legal mechanism, and republic authorities take everything into their own hands. Which means that a different legal situation is created, and everything is resolved within the limits of the republics.

[Misovic] As far as I am aware, the Constitutional Court of Yugoslavia intervened when such standards were incorporated into the Croatian Criminal Law.

[Buzadzic] Yes, proceedings were instituted, and the Constitutional Court of Yugoslavia issued a decision staying execution of certain enactments adopted under that republic law. Now we will see how the decisions of the Constitutional Court are respected, not only in this case, but also in the domain of the so-called economic measures, whose constitutionality has been evaluated. Just since last November we have stayed application of more than 35 enactments and acts of republic authorities whose constitutionality our court has evaluated.

[Misovic] What are the penalties if those decisions are not respected?

[Buzadzic] There are no penalties at all. The decisions of the Constitutional Court of Yugoslavia are enforceable. They can be criticized, but not contested. However, there is no set of instruments to implement them. The legislator did not suppose that that would be necessary. Nevertheless, there is a provision of the constitution that if necessary the Federal Executive Council will see that the decisions of the Constitutional Court of Yugoslavia are implemented. But the instruments do not exist whereby that would be assured. Up to now, attempts have been made through negotiations and in other ways to implement those decisions. But by and large the republics do not accept that.

[Misovic] In what way do they justify such a position?

[Buzadzic] The excuses vary. First, that the republics are sovereign; second, that the various measures have followed as a response to similar measures in the other republics; third, that the decisions of the Constitutional Court of Yugoslavia will be accepted when the other republics do that as well, and so on. The Federal Executive Council has in that situation undertaken to amend the law on the federal administration and the Federal Executive Council so as to guarantee enforcement of the decisions of the Constitutional Court of Yugoslavia. It has even threatened criminal penalties for failure to carry out those decisions. However, a problem has also arisen in the assembly: Some republics have sought application of special procedure. In that way, proceedings would drag on and such a law would not be adopted.

[Misovic] Does this not seem to you like an exhausting legal war against the federal state which is still a joint state?

[Buzadzie] Call it what you like, but unfortunately that is where matters stand.

[Misovic] Can you explain what has brought about such hatred of the federal state and such a pronounced tendency toward independence of the republics?

[Buzadzie] As president of the Constitutional Court of Yugoslavia, I would not get into evaluating those causes. As an ordinary observer, I can say that aside from all the weakness which are previous system had, and there were quite a few of them, the one-party state being a particular evil, forces have emerged which place the nationality and the state above everything. And when we absolutize those categories, then it is clear in what direction we are heading. The state is a necessary thing, but it must be taken into account that it is an instrument that serves man and his happiness. However, today the importance of the state and the nationalities is being so accentuated in our country that in an ideological sense this is growing into chauvinism, and in the governmental domain it is becoming totalitarianism.

#### **Federal, Krajina Police Negotiations Questioned**

91BA0780A Zagreb VECERNJI LIST  
in Serbo-Croatian 30 May 91 p 6

[Article by S. Feric: "What Is the Inspection Team From the Federal Secretariat for Internal Affairs Doing in Sibenik, Drnis, and Knin?: Negotiating With Martic"—first paragraph is VECERNJI LIST introduction]

[Text] Although the work of the SSUP [Federal Secretariat for Internal Affairs] inspection team that is visiting Sibenik is being carried out as an impenetrable conspiracy, it has been learned that the inspectors are conducting negotiations with Milan Martic on closing down certain SUP [Secretariat for Internal Affairs] and MUP [Ministry for Foreign Affairs] stations and reportedly on exchanging prisoners as well.

Sibenik—While an abundance of information is arriving from Vinkovci and Gospic concerning the work of SSUP inspectors, their visit to and work in Sibenik, Knin, and Drnis is proceeding "under seven veils," far from the public eye and carried out as an impenetrable conspiracy. The public is finding no relief in official information, and the only things leaking through the information blockade are meager, unofficial reports that can be interpreted in various ways and are making the already bad situation even worse.

One of the facts is that the SSUP inspection team is conducting negotiations with Milan Martic and other Knin leaders, and they are reportedly discussing possibilities for closing down individual contested MUP and SUP stations in the border region of Krajina and Croatia. It is believed that the break in the blockade of Kijevo and the withdrawal of part of the MUP forces from that village are the result of these negotiations, but such a conclusion elicits more indignation than enthusiasm, because it indicates that the federal inspection team regards the Knin terrorists as legal and legitimate. This conclusion also comes from the recent exchange of prisoners between the Knin SUP and the Sibenik Police Administration, although it is semiofficially maintained that it was simply a coincidence that this action emerged from the procedure. On the other hand, Milan Martic is openly announcing that the exchange is the fruit of the work of the federal inspection team, and that he regards the release of arrested Krajina police activists from prison as a unquestionable personal triumph. In addition, rumor has it that the inspectors from the federal SUP, after visiting Kijevo, announced that that village is under less of a threat from Civijane, which did not receive assistance from anyone, apparently forgetting who isolated whom by erecting barricades.

These stories and speculation are possible because of a truly unnecessary withholding of more fundamental information concerning the results of the visits by the federal inspection team to Sibenik which, if it goes on much longer, could bring about undesirable consequences and an intensification of the dissatisfaction of the population there, which in any event expected different results.

## CZECHOSLOVAKIA

**Integration of Czech-Slovak Economies Discussed**

91CH0561C Prague HOSPODARSKE NOVINY  
in Czech 4 Apr 91 p 7

[Article by Engineer Alexej Balek: "Conditions Exist for Integration"—first paragraph is HOSPODARSKE NOVINY introduction]

[Text] One Czecho-Slovak economy, or two: one Czech and one Slovak? A sensitive question, until recently taboo. Today it is in the forefront of attention. It needs to be resolved without emotions. Different analyses are being offered. We publish one view of the aspects involved in a unitary Czecho-Slovak economy.

In the days of the Austro-Hungarian Monarchy the Czech provinces and Slovakia differed greatly in their economic levels. The Czech provinces were Austria's most advanced part; Slovakia as a part of Hungary was the Monarchy's agrarian hinterland and lagged by some 80-100 years behind Europe's advanced countries. This situation was reflected also in the level, volume, territorial size and orientation of the market in both countries, as well as in Czech-Slovak economic links. The lag was not due to inferior capabilities of the nations of Slovakia but rather to the circumstances of Slovakia's historical development.

**A Bit of History**

It was in this economic situation that the Czechoslovak Republic was born in 1918. Apart from the strong interests binding both the Czech provinces and Slovakia to build a common republic, there were massive problems with the integration of both economies, great problems involved in approximating the cultural, educational, qualification and civilization levels of both countries. No less vexing were and still are nationality problems and problems of coordinating different interests which moreover kept changing as a result of different development tempos.

Life has shown that notions of rapid progress in overcoming these differences conditioned by history were overly optimistic. It has shown that the process of integrating and equalizing the economic levels of two developing units requires a period of at least 4-5 generations and for a time assistance from the more advanced unit.

The economic growth rates in the Czech provinces and Slovakia were on the whole rather similar. In 1937 Slovakia contributed 13.5 percent to Czechoslovakia's national product. In the same year labor productivity in Slovakia was barely one-half in comparison with the Czech provinces. In 1936 the Slovak share in Czechoslovakia's gross agricultural output was 22.4 percent and 7.8 percent in industrial production.

The per capita tax burden in 1935 was 769 korunas [Kcs] in Bohemia, Kcs485 in Moravia and Silesia and Kcs286 in Slovakia. Slovakia's share in direct and turnover tax revenues rose from 8.9 percent in the early 1920's to 11.5 percent in the 1930's.

As for illiteracy, 1921 statistics show 2.71 percent of population over 5 years of age in the Czech lands and 15.03 percent in Slovakia unable to read and write. By 1930 the percentages dropped to 1.32 in the Czech lands and 8.16 in Slovakia.

In the first half of the 1939-45 period production and living standards in the then Slovak State were rising; in the second half they were declining. Soon after the [Nazi] occupation living standards in the Czech lands began to decline and this process lasted until the end of the war.

During the 1918-39 period closer links between the Czech lands and Slovakia were being forged, gradually and often with difficulty. A characteristic feature is for instance the growth of a transportation net in the west-east direction and increasing freight and passenger traffic in both directions. There was a gradual unification of laws, regulations, tax rates, government administration and so on. From a long-term perspective foundations were being laid for a similar process in education (both in terms of school organization and curriculum content), more intensive cultural contacts were established. Educational levels rose more rapidly, especially in Slovakia.

Gradually, albeit sometimes unevenly, a consciousness of Czech-Slovak mutuality was being formed (even though disturbed for instance by the idea of Czechoslovakism, separatism or some negative consequences of capital transfers from the Czech lands to Slovakia).

Even though these links broke in 1939 under the influence primarily of external factors, they were not lost as demonstrated by the Slovak National Uprising in 1944.

**Equalization Process**

Apart from the great many problems Czechoslovakia was struggling with in the 1945-90 period (which I do not intend to analyze in this context), a significant approximation of development in the Czech and Slovak republics has taken place. Slovakia's share in the Czechoslovak national product rose from 13.5 percent in 1937 to 19 percent in 1948 and 30.9 percent in 1989. Thus it begins to match Slovakia's share in the Czechoslovak population (33.7 percent). In personal consumption Slovakia's share rose from 23.9 percent in 1948 to 31.8 percent in 1989.

Equalization of economic levels shapes to a large extent also the process of forging unity in the national economy. For the closer the two units are to each other in their levels and the higher this level, the better are the prospects for a mutually beneficial division of labor, for cooperation.

The steep differences between Slovakia and the Czech provinces as we knew them from the 1930's and late 1940's formed the objective basis for incorporating Slovakia into the Czech economic context of that time. This approach to adapting a less advanced economy to a more advanced one is objective and found everywhere in the world where such problem arose. It would be hard to assume that the unification of West and East Germany will see the West adapting to the East. Subjective wishes and premature action will always bump up against the wall of objective reality.

Only the approximation of Slovakia's economic level to the Czech lands has created the conditions for shaping a unitary Czecho-Slovak economy where with the growth of Slovakia's economic strength it can also press for its objective interests and needs. Regardless of this or that subjective error, the Czech lands have made a substantial contribution to accelerating this process.

At present Slovakia has a number of production lines which do not exist in the Czech Republic (e.g., combined fertilizers, silk, some farm machinery, small motorcycles, electric stoves, refrigerators, and freezers), or product lines whose volume exceeds the Slovak framework (for instance radio and TV sets, semiconductor elements, transistors, foundry machinery and equipment, cranes, roller bearings, shaping machines, rail freight vehicles, automatic washers, footwear, cellulose, paper).

On the other hand the Czech Republic has a number of production lines which are either absent or weakly represented in Slovakia (color TV screens, TV broadcast equipment, polygraphic industry machinery, flat glass, drilling machines, steel, electricity, rubber, computer-operated machinery, record players, tape recorders, clocks and the like).

So there exists a widening basis for utilizing the comparative advantages of the national republics both within the CSFR framework and in foreign economic relations.

### Two-Speed Economy

The change in Slovakia's contribution to the Czecho-slovak national product was made possible only due to the faster growth rates in Slovakia (averaging 6.2 percent annually during 1948-88, and 4.6 percent in the Czech lands).

A deeper analysis of the reasons for Slovakia's higher growth rates as compared with the Czech lands shows that it was due primarily to a high rate of investment and faster growth of the labor force. In 1950-89 the Slovak share in Czechoslovakia's [capital] accumulation was 33-35 percent and 42.8 percent in additional jobs. Calculated per employee, in 39 years (1950-89) investment in Slovakia was 22.6 percent higher than in the Czech lands.

If we analyze the average growth rate by five-year periods, it turns out that it was gradually declining. Yet

this decline was accompanied with a rising rate of investment, rising production inputs and after 1970 with rising dependence of the growth of national product on additional manpower, at rates different for each republic.

After 1975 the negative consequences of an extensive development of the economy became visible, especially in the Czech Republic. But the increasing Slovak share in Czechoslovakia's national product was not the result of the high growth rates in Slovakia but rather of a radical slowdown of growth in the Czech Republic.

It was the paradox of that period that the achievement of a higher degree of equalization in the economic levels of the national republics was accompanied with Czechoslovakia's decline on the European economic scale.

One aspect of the Czech-Slovak relations was until recently virtually beyond open discussion and everything was done to avoid honoring the maxim that "good accounts make good friends." This was the fact that the Czech lands have been and still are rendering Slovakia very substantial assistance since the end of World War II, and after 1970 even at the expense of their own development. In the entire postwar period the used value of the national product was in Slovakia always greater than the product created. I do not cite this fact to create a sense of indebtedness on the Slovak side but because it has been—despite all problems—a very significant factor in Slovakia's accelerated development.

The Italian example of the differences which have existed for many decades between the backward south and advanced north shows that without assistance going beyond a threshold of sensitivity such a lag cannot be eliminated. The difference between Italy's south and north is today hardly less than it was in 1950.

As an illustration let me note that between 1981 and 1989 the Czech Republic's account balance was reduced by Kcs224.1 billion (of which Kcs139.2 billion was due to Czechoslovakia's foreign trade balance and Kcs84.9 billion to Slovakia. For the purpose of calculation apportionment of the net foreign trade balance to the republics was by estimate).

The Czech lands' aid to Slovakia can be divided into two stages separated approximately by the year 1970. In the first stage the accelerated development of Slovakia compensated for an incomplete utilization of resources created in the Czech Republic, with the prospect of promoting Czech-Slovak integration processes and a consequent future synergic effect on the Czechoslovak economy. This is attested to, among other things, by the fact that up to 1970 the social productivity of labor grew faster in Slovakia than in the Czech lands. After that year its growth rates became more equalized, and this without regard to the continuing shift of resources to Slovakia.

The normalization policy of the then Czechoslovak leadership in which Slovaks held very important roles (Vasil Bilak, Gustav Husak and others) in the 1970's

intensified the flow of investments and resources to Slovakia, regardless of the fact that the shifting of resources changed from a factor of accelerating Czechoslovakia's development into one that retarded it.

### Living Standards

Considerations of the state of affairs in equalizing the standards of living between the population of the Czech lands and Slovakia very often neglect the fact that it depends on the volume of resources created, on labor productivity and efficiency.

The personal consumption rate (share of personal consumption in the realized national product) in Slovakia was—similarly as the rate of investment—higher than in the Czech lands throughout the postwar period. This was possible only because in Slovakia the resources available for use were greater than the resources created there.

In Slovakia the standards of living were growing faster than in the Czech lands. So for instance the average annual growth of personal consumption in the 1948-89 period was 4.8 percent; in the Czech Republic, 3.7 percent. Consumption of biologically more valuable foodstuffs which before the war and by the end of the 1940's was markedly lower in Slovakia than in the Czech lands is now substantially equal. Similarly as with industrial goods in common consumption we now have virtually no difference except those due to different consumption patterns. Ownership of durable goods (cars, refrigerators, TV sets, consumer electronics etc.) in the Slovak Republic is marginally lower than in the Czech Republic. But it corresponds with, or possibly is marginally higher than, the rate in the Czech lands in a year when these showed the same level of national income creation per capita that Slovakia has today.

During the postwar period 31.2 percent more apartments per thousand of population were built in Slovakia than in the Czech lands (285 as against 217).

At present the Slovak Republic already has a higher proportion of employees with university education than the Czech Republic (10.0 percent as against 8.2 percent).

In 1989 the average gross monthly wage in the national economy was Kcs3,170 in the Czech Republic and Kcs3,142 in the Slovak Republic. Per capita average gross cash earnings in 1989 amounted to Kcs31,575 in the Czech Republic and Kcs28,660 in the Slovak Republic—that is, 90.8 of the Czech lands' average. At the same time per capita national income creation in 1989 in Slovakia amounted to 83.8 percent of the Czech lands' figure (87.7 percent without foreign trade) and employment in the Slovak Republic was 4 percentile points lower than in the Czech Republic.

### A New Situation

The approximately equal economic level of both national republics and their different comparative

advantages offer a materially new situation for Czechoslovakia's future development. Thus we now have a tangible basis for partnerlike relations, a tangible basis on which to respect the interests of both republics. Present levels—significantly higher than in the past—of economic, educational standards, of civilization, culture and social life, have objectively created room for all the nations and nationalities in Czechoslovakia to play their proper role.

Hence we are following the process of reshaping the federation when each republic yields some of its rights to the federation. This process is understandably burdened by the past as well as political maneuvering. This is particularly noticeable in Slovakia where many have not yet shaken off the perception of their status as the "younger brother," where some fear for the identity of the Slovak nation while overlooking the fact that the entire postwar development has led to no loss of identity of either the Czech or Slovak nation. Confirmation comes also from the independent development of the Czech and Slovak languages, from self-confident assertions of the Czech and Slovak culture, the growth in the ranks of Slovak intelligentsia, the enduring specific national characteristics of Czechs and Slovaks, the difference in consumer patterns, and so on.

Elimination of the steep differences in labor productivity, production and living standards has created in Slovakia a new social-psychological and social-political situation, shaped also by the fact that economic expansion and the industrialization growth rate outpaced perceptions of this reality. This was moreover made more complicated by an outdated regional economic policy and the well-known problems Czechoslovakia had in the political as well as economic realm which led to 17 November 1989.

Of course the Czech and Slovak nations also have differing interests. These stem for instance from the fact that the Czech Republic—owing to its higher starting base—exhausted the extensive possibilities of growth much sooner than the Slovak Republic, which led to deforming the renewal process in the Czech economy, Czech society and the Czech population as such.

But trying to eliminate them—if thought through to the final consequences—is not at odds with Slovak interests. Yet it requires economic policy coordination, a fine sense of timing and proceeding in a measured pace.

In addition to long-term conditions favoring the existence of a common state there may be times when a certain short-term interest of one republic acquires intense proportions. This may be for example a case in which the economic advantage of certain production lines or branches changes over time from profitable to unprofitable (today for instance the armaments production).

Detailed analysis shows—in spite of all errors, shortcomings and problems accompanying Czechoslovakia's development when considered from this point of view—

that materially created long-term preconditions exist for intensifying mutually profitable integration of the Czech and Slovak economies, benefiting not only Slovaks but Czechs as well. It will depend on the subjective factor on both the Slovak and Czech side how these objective opportunities will be taken advantage of, whether priority will be given to long-term interests over short-term ones, whether there will be mutual respect for legitimate interests.

### **Lack of Motivation for Foreign Investment Seen**

91CH0561A Prague HOSPODARSKE NOVINY  
in Czech 4 Apr 91 p 14

[Article by Engineer Jaroslav Foltyn and Dr. Jiri Jezek, Economic Institute of the Czechoslovak Academy of Sciences: "Foreign Investment: Capital Requires Guarantees"]

[Text] Our economy urgently needs an influx of foreign capital, both in the form of loans and investments. Today it is no longer a matter of priority under which conditions we should let foreign capital in but rather how to motivate its investment. In the world economy free capital is presently scarcer than five-seven years ago. Competition from former eastern bloc countries as well as developing countries is rather increasing.

Within the past fifteen or twenty years capital movements, in particular direct foreign investment, began to follow new principles. The traditional factor of comparative advantage from cheap labor has lost some of its weight in relation to new factors governing allocation. In the past this traditional factor attracted capital mainly to the developing countries.

### **New Allocation Factors**

But this situation began to change in the 1980's. In the second half of the decade it became evident that the newly industrialized countries are no longer so attractive for foreign capital investment. Some production lines have transferred back to the metropolitan countries. As a whole the developing countries have continued to lose their position in the sum total of invested foreign capital in favor of developed market economies. If in the first half of the 1970's it was still a full half of foreign investment flowing to developing countries, their share has gradually declined to a mere 15 percent. What happened was that a new set of allocation factors came into effect which changed the hierarchy of their importance, especially in the sense of giving relatively greater weight to technological and commercial factors. The prime cause has been the surging development of science and technology.

What are the changes leading to a new situation in the allocation of foreign investment? In the first place it is a relative downgrading of the labor factor. To be sure, low-paid domestic labor force has not ceased to be an aspect commanding some interest, but apart from the cheapness of labor foreign capital also considers its

other, mainly qualitative characteristics. It seeks labor which, while relatively inexpensive, is at the same time qualified, flexible, capable of innovative adaptation and as much as possible with a high cultural level.

Tied up with this is another group of factors which one could summarize as "a technologically supportive environment." The dynamic speed of innovation and new technologies demand not only flexibility on the part of the human factor but also adaptability on the part of the host country's economies. These economies must have available not only an adequate economic infrastructure but also capability to assure sub-supply of certain components or spare parts, to respond to changes necessitated by quick partial innovations, to provide services, and so on.

Another group of factors gaining in importance is the domestic market's ability to absorb at least a part of the output produced in joint facilities. This eliminates transportation costs and some of the overhead cost. Thus the host countries must create a potential market for these products. At the same time they must provide legislative guarantees for a complete freedom of marketing, choice between reinvestment or repatriation of profits, and so on. This absolutely requires currency stability and conditions of convertibility, a manageable external debt and domestic inflation rate.

The last group involves a relative social and political stability, absence of serious ethnic or social conflict, and geopolitical aspects determining the present or prospective importance of the host country in a certain region.

By taking these factors into account free foreign capital endeavors to "get closer" not just to natural resources and inexpensive though qualified labor force, but now also to markets and to an environment most complementary technologically to the given investment. This concept of "getting closer" has in the last two decades led to rechanneling the foreign investment flows from developing to developed countries.

CSFR does have a very inexpensive and relatively well qualified labor force, which however needs to be better motivated. Its technological support environment must be rated as replete with contrasts, consisting of a very large but obsolescent industrial potential moreover devalued by the still high degree of monopolization. The absorption capacity of the internal market is restricted also by the lack of convertible currency and the koruna's external inconvertibility. As concerns a legislative basis for foreign capital, the situation at present is somewhat murky. So for now this last group of factors remains a great unknown. Thus one can sum up that while CSFR is not an uninteresting country for foreign capital, its prospects in the contemporary world economic conditions will fade over time, rather substantially and rapidly.



### Focusing on Joint Ventures

A realistic picture of the effect of allocation factors on the threshold of Czechoslovak economic reform can be gleaned from data on capital infusions into enterprises with foreign capital participation. By the end of the year there were 1,236 enterprises of this type registered in both republics, with total capital assets amounting to 3,789 million korunas [Kcs]. By 31 January their number rose to 1,600. So even though the average amount of committed capital represents a little over \$100 thousand when calculated according to the current rate of exchange, comparison with August of the same year shows a fivefold increase in the number of joint companies and an even higher increase in their capital assets.

A majority participation of Czechoslovak entities is ceasing to be a typical feature of joint enterprising, even though it is still only 271 companies which are 100 percent foreign owned. It seems evident that in the coming years their number will grow more dynamically than that of joint venture companies, provided that we manage to offer better conditions for such investment than are available in other countries. The situation in attracting big international capital remains less than favorable, as was shown last year by the limited participation of big-name companies and banks. Yet here too we are seeing a turn for the better, as witnessed by seven investment projects backed by joint venture companies with a committed capital of between Kcs100 million and Kcs500 million.

Capital invested by foreign commercial and financial giants together with Czechoslovak partners represents here nearly one-third, and joint venture companies with capital assets in excess of Kcs one million more than one-half of the volume of foreign investment. A reverse ratio obtains in regard to the group of companies with average capital assets up to Kcs200 thousand of which over one-half (653) were registered by which represent barely 2 percent of the fixed assets of enterprises with foreign participation. This raises the question whether the small and medium companies are the proverbial pike in the pond of joint enterprising with foreigners.

Another interesting insight is offered by the territorial structure. The top rung of the ladder continues to be occupied by traditional capital exporters from the FRG (34 percent) and Austria (25 percent). In the last few months there has been a rapid surge involving U.S. firms which have already provided 22 percent of the volume of foreign capital invested in joint ventures with us and whose share will undoubtedly go on rising. A role in this had the opening of the American market to our products using imported capital and technologies and dependent on granting MFN [most favored nation]. Investors from Sweden, Switzerland, and France are holding a steady share with a total of 16 percent. From among the east European countries only Hungarian firms made a notable entry, and a smaller share fell to Soviet enterprises. What surprises is that Japanese entrepreneurs and

the "four Asian dragons" are represented only marginally and relatively little interest has been shown so far by the entrepreneurial circles of the Middle Eastern region.

From the point of view of shaping a future structure and allocation of investments in joint ventures we can foresee two tendencies in the years to come. The first is marked by a probable slowing down of investment in the tertiary [service] sphere where after the initial wave the influx may stabilize around the present 32 percent. It is hard to forecast the spectrum of future activities of the foreign entrepreneurs where investment in manufacturing is involved. It is our view that they will be motivated by a long-term strategy of gaining position in the Czechoslovak market, rather than a short-term interest in repatriating profits (the over-50 percent share in construction activities is highly indicative).

The other tendency may be termed, as in foreign trade, succinctly as "against the current" investment, in the direction of progressive technologies and structuring the manufacturing and circulation sphere, depending strongly on the existing infrastructures and complementary capacities of the domestic industry.

This will involve primarily projects to develop the communication network, modernization of transport and expansion of priority industrial branches (for instance the automobile and aircraft industries) in which however there will be a great need to increase exponentially the influx of foreign capital. The decisive moment will not come until the state enterprises are freed in regard to their property rights within the framework of the large privatization which should create the necessary "suction" for the influx of foreign capital.

Following CSFR's admission to the IMF and World Bank and gradual signing of intergovernmental agreements of investment protection with most interested countries one can already note a change in the previously cautious stance of the advanced countries' government agencies and international organizations. But we cannot expect that capital investments by private entrepreneurial and banking firms in joint ventures will at any time soon become the main source of financing the Czechoslovak payment deficit.

## HUNGARY

### Finance Ministry Criticizes MNB Policies

91CH0600A Budapest MAGYAR HIRLAP  
in Hungarian 13 Apr 91 p 8

[Unattributed article: "The Finance Ministry Criticizes the Central Bank: Lax Regulations—High Interest Rates"]

[Text] Last year's better-than-expected external balance of payments would have required the Hungarian National Bank to exercise more stringent control over the money supply. According to a recent study prepared

by the Ministry of Finance, the central bank realized the goals of monetary policy by raising interest rates. Higher interest rates increase uncertainty with respect to monetary management however, because the rapid growth of commercial bank reserves lessens the possibility to effectively regulate. By publishing certain findings contained in the study we invite debate.

The author's use as their theoretical starting point the fact that in order to achieve its monetary goals, the central bank is able to regulate the volume and cost (interest) of money. By regulating the volume of money, the central bank exerts direct influence on the available money supply. The most effective means the MNB [Hungarian National Bank] has to accomplish this is to change the discount rate.

Open market transactions provide the best opportunity for the central bank to influence the cost of money paid in the form of interest. By changing interest rates they are able to influence for example, the ratio of business spending and business investment.

The ratio of cash and deposits (which significantly determines the effectiveness of the central bank's monetary measures) was rather high in 1988-89, i.e., there was too much cash and little deposits. This situation evolved as a result of inflationary expectations caused by the new tax system, by the shopping fever that erupted in response to the alleviation of travel restrictions, and to the very favorable customs rules as far as individuals were concerned. The amount of cash as compared to deposits continuously decreased beginning in the first quarter of 1989, because of more stringent customs rules, smaller foreign exchange provisions granted to tourists, and more favorable terms with respect to deposits. This trend continued in 1990 in response to the restrictive factors, and this rendered monetary measures more effective.

But as the proportion of cash changed, the size of reserves always changed in the opposite direction ever since the second half of 1989, and this decreased the effectiveness of monetary measures. (Reserves include mandatory reserves, the banks' settlement accounts, their obligated deposits, enterprise deposits earmarked for special purposes and the amount of cash within the banking system.) The MNB does not directly affect reserves held by banks, as pointed out by the analysts. They provide examples of situations during the past three years which indicate that the changes in mandatory reserve rates may take exactly

the opposite direction as compared to the direction followed by all reserves. This then suggests that the effects of central bank measures are limited. According to the study, today's high ratio of reserves may at any moment upset the ratios that evolved.

The monetary authority is best capable of directly influencing the monetary base by refinancing credit funds. (The monetary base consists of the net amount of foreign receivables, the net amount of state budget financing, and amounts receivable from financial institutions by the central bank.) The way in which refinancing loans have evolved suggests that with the exception of three months (May, June, and July), the central bank failed to offset the expansion of the money supply that resulted from the improved balance of payments. To the contrary, the monetary base also increased beginning in August. This was offset only in an insecure manner by the above mentioned increase in reserves.

The central bank also influences the money supply through open market transactions. Through the auctioning of treasury certificates the central bank exerts an effect on interest rates charged by the banks on short-term loans. In the authors' view, examining only the relatively small 1990 increase in interest levels is misleading. This is because in late 1989, interest on 90-day treasury certificates was raised very high in order to control financial processes, and the 1990 increase may be regarded as mild only in comparison to the high interest levels of late 1989. For this reason, the authors compared the increased interest for both 1989 and 1990 on a month-by-month basis (see the table). They found that the price index of interest was much higher than the producer price index, i.e., the real interest level was substantially higher in 1990 than in the previous year.

According to Finance Ministry officials, considering other distorting factors, the level of real interest increased in the course of the year by 20 percent. They found that "along with a lax management of the volume of money, this was the only way that the MNB was able to ensure that no runaway demand for money occurred. These high interest rates caused the increase in the free reserves of banks, because as a result of the high real interest, enterprise deposits increased rapidly, while it was more difficult to make loans. This situation is accompanied by increases in reserves."

This also means that high interest rate policies must also be continued this year because of the aforementioned difficulty of regulating high reserve levels.

**Return on 90-Day Treasury Certificates Compared to the Producer Price Index (interest rate in percentages)**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Price index of interest paid on treasury certificates	42	42	43	49	54	54	52	48	47	46	46	44
Average return on treasury certificates	27	27	28	28	28	29	29	29	32	34	34	35
Producer price index	18	19	20	21	22	23	23	23	24	24	25	25

**Law on Property Compensation; Legislative Intent****Text of Law**

91CH0596Z Budapest UJ MAGYARORSZAG  
in Hungarian 29 Apr 91 pp 12-13

["Text" of law: "In the Interest of Setting the Terms for Indemnifying Damages Caused by the State to the Property of the Citizens Since 8 June 1949"—first paragraph is MAGYAR HIRLAP introduction]

[Text] Guided by the principle of constitutional statehood and with due regard to the sense of justice and endurance of society, the National Assembly creates the following Act to settle ownership conditions consistent with a market economy, to establish entrepreneurial security, and to redress the damages caused by the former system to citizens' property:

**SCOPE OF LAW****Paragraph 1**

Based on this law, natural persons defined in Paragraph 2, whose private property has been lost as a result of implementing laws enacted after 8 June 1949, as enumerated in Appendix 1, shall be entitled to partial indemnification (hereinafter: Indemnification).

**Paragraph 2**

(1) The following persons shall be entitled to Indemnification:

- a) Hungarian citizens
- b) Hungarian citizens who were Hungarian citizens when they suffered damages
- c) Hungarian citizens who suffered damages in conjunction with the deprivation of their Hungarian citizenship
- d) Non-Hungarian citizens who were long-term residents of Hungary as of 31 December 1990.

(2) If the entitled person defined in Section (1) (hereinafter: Former Owner) is deceased, the Former Owner's descendant, or in the absence of a descendant, the Former Owner's spouse shall be entitled to Indemnification.

(3) Descendants shall be entitled to Indemnification exclusively after the deceased ancestor, only to the extent of the ancestor's entitlement, and divided in equal proportions among the persons entitled to Indemnification. No Indemnification shall be made for the share of property to which a deceased descendant would be entitled if such deceased descendant has no descendant.

(4) If there is no descendant, the surviving spouse shall be entitled to Indemnification, provided that such spouse was married to and lived with the Former Owner at the time of the Former Owner's death, or at the time the Former Owner suffered the damages.

(5) A person whose claim has been settled in the framework of an international agreement shall not be entitled to receive Indemnification.

**DETERMINING THE EXTENT OF DAMAGES****Paragraph 3**

(1) The extent of damages shall be defined in terms of the estimated average value. Appendix 2 contains the estimated average value of certain types of assets.

(2) The extent of damage involving arable land shall be determined pursuant to the provisions of Paragraph 13.

(3) The estimated average value provided for under Sections (1) and (2) includes the value of movable property.

(4) A [Former] Owner shall be entitled to only one type of Indemnification after each piece of property, but the owner shall have the opportunity to choose.

**EXTENT OF INDEMNIFICATION****Paragraph 4**

(1) The extent of Indemnification shall be that part of the aggregate damages determined pursuant to the provisions of Paragraph 3, which is derived as a result of calculations according to the table provided in Section (2) and rounded to the one thousand forints, and which does not exceed the amount specified in Section (4).

(2) The extent of Indemnification:

Extent of Damage	Extent of Indemnification (in percent)
0-200,000 forints	100
200,001-300,000 forints	
200,000 forints and the amount over and above 200,000 forints	50
300,001-500,000 forints	
250,000 forints and the amount over and above 300,000 forints	30
500,001 forints and above	
310,000 forints and the amount over and above 500,000 forints	10
[figures as published]	

(3) Regarding claims involving arable land, the extent of Indemnification shall be determined pursuant to the provisions of Paragraphs 14-17 and shall be made at the rate of 100 percent up to a 1,000 Gold Crown value, provided that the claimant announced his claim for arable land pursuant to the provisions of Paragraph 12 Section (4) and provided that the claimant complied with the conditions specified in Paragraph 15 Section (3).

(4) The amount of Indemnification per piece of property and per Former Owner shall not exceed 5 million forints.

(5) In case of multiple owners the extent of Indemnification shall be determined based on the share of ownership held by the several owners.

#### METHOD OF INDEMNIFICATION

##### Paragraph 5

(1) A compensation voucher shall be issued for the amount of Indemnification. Any person entitled to Indemnification shall receive vouchers bearing the same serial number (Paragraph 6 Section (2)).

(2) The compensation voucher shall be redeemable on sight, shall be transferable and shall constitute a security whose value corresponds with the amount of Indemnification and whose face value shall constitute a demand against the state.

(3) A compensation voucher shall earn interest for a period of three years beginning on the first day of the calendar year quarter in which it was issued. The rate of interest shall be 75 percent of the central bank's prime interest rate.

(4) Irrespective of the date of issue, the starting date for accruing interest shall be the effective date of this law.

(5) The face value of a compensation voucher shall be increased by adding the amount of interest publicized monthly by the National Damage Claims Settlement Office, to be credited on the first day of the month following the publication of the amount of interest.

##### Paragraph 6

(1) A compensation voucher shall contain the following:

- a) the designation "compensation voucher,"
- b) the face value of the voucher and a reference to crediting interest (Paragraph 5 Section (5)),
- c) the method by which the compensation voucher may be used (Paragraph 7),
- d) the date and place of issue,
- e) designation of the serial issue (Section (2)) and a serial number,
- f) the signature of the director of the National Damage Claims Settlement Office,
- g) the denomination of the voucher (1,000 forints, 5,000 forints, 10,000 forints),

(2) Compensation vouchers shall bear serial issue designations A through J. Individual series shall be issued in equal quantities and at an equal pace.

(3) The issuance and sale of compensation vouchers shall be governed by the provisions of this law.

##### Paragraph 7

(1) The state shall guarantee that owners of compensation vouchers are able to redeem such vouchers pursuant to conditions provided in this law

a) for the purchase of pieces of property, stock and business shares sold in the course of privatizing state property, and

b) for the acquisition of arable land property.

(2) A person entitled to Indemnification may use vouchers to which he is entitled under this law as a method of payment in the amount of the face value of the compensation voucher whenever the housing owned by a local government or by the state is sold. In such cases the county (Budapest) damage claims settlement office shall verify the value of compensation vouchers at the request of the person entitled to the vouchers.

(3) The face value of compensation vouchers shall be regarded as a person's own financial resource in the course of borrowing pursuant to the provisions of the law concerning the Small Business Fund or in taking advantage of privatization loans.

(4) At the request of a person entitled to Indemnification, annuity payments may be provided in the framework of social security in exchange for compensation vouchers, pursuant to separate legal provisions.

##### Paragraph 8

(1) If recommended by the State Property Agency [AVU], each year the government may suspend a certain series of compensation vouchers or the use of all compensation vouchers for making purchases (Paragraph 7 Section (1) Subsection (a)). The period of suspension shall not exceed six months per year, and suspensions may be made only until 31 December of the fifth full calendar year, starting in the year of issue. Thereafter the use of compensation vouchers for the purpose of making purchases shall not be restricted.

(2) Suspension of series of compensation vouchers may take place in two-year average for identical periods of time, based on a public lottery drawing. The time period which determines the payment of interest on compensation vouchers shall be extended consistent with the time of suspension.

(3) Compensation vouchers shall be accepted as payment for at least 10 percent of the value of assets, as evidenced by the balance sheet, of a state enterprise which is in the process of transforming into a business organization, and of state owned assets sold directly. The AVU shall determine the extent to which compensation vouchers may be accepted as payment for such property, over and above the 10 percent minimum limit.

(4) Compensation vouchers obtained on the basis of a right to purchase shall be accepted by cooperatives as payment to the extent of at least 20 percent of the assets of state food industry enterprises in the process of transforming into business organizations, as the value of such assets is evidenced in the balance sheet of such enterprises.

(5) In the event that the AVU board of directors renders a decision concerning the direct sale to a single owner of a state enterprise in the process of transforming into a business organization or in regard to a piece of property owned by the state, the AVU may deviate from the minimum redemption levels specified in Sections (3) and (4).

#### Paragraph 9

A person entitled to Indemnification shall enjoy prepurchase rights whenever the AVU or a unit of local government sells that person's former property, except in cases governed by Law No. 74 of 1990, and further, whenever a rental housing unit owned by a local government or by the state is purchased by the occupant of such rental housing, and further, if the property pertained to a right having pecuniary value (e.g. corporate, membership rights), or if the AVU sells membership rights in a corporation which acquired such property or was established with the contribution of such property.

### PROCEDURAL RULES

#### Paragraph 10

(1) Regarding matters under the authority of this law the county (Budapest) damage claims office shall act as the authority of the first instance, and the National Damage Claims Settlement Office (hereinafter jointly: Office) as the authority of the second instance.

(2) Authorities charged with the protection of the natural environment shall participate in the workings of the county (Budapest) Office, and the Ministry of Environmental Protection and Regional Development in the workings of the national Office as the expert authorities of the first instance.

(3) Final decisions made by the Office may be made the subject of judicial review. Courts shall be authorized to change the Office's determination which was challenged. Proceedings shall be governed by rules provided in Chapter 20 of the Pp [expansion unknown].

#### Paragraph 11

(1) Persons entitled to Indemnification may submit requests for Indemnification within 90 days from the effective date of this law to the county (Budapest) Office having jurisdiction.

(2) In the event that the property which serves as the basis for an Indemnification claim includes real estate, the county (Budapest) damage claim Office at the place where the real estate is located shall have jurisdiction.

(3) The Budapest Office shall have jurisdiction to proceed if the claimant's permanent residence is abroad.

(4) In case several county (Budapest) damage claim Offices have jurisdiction (positive conflict of jurisdiction) the county (Budapest) Office chosen by the person

entitled to Indemnification shall proceed with respect to all of the claimant's property.

#### Paragraph 12

(1) Indemnification claims shall be submitted in writing. Failure to submit such claims within the deadline specified in Paragraph 11 Section 1 shall constitute the surrender of the right to file a claim.

(2) All documents or copies of documents which verify entitlement to property shall be attached to the application. Lacking such documentation reference shall be made to other evidence of ownership.

(3) In the event that an application is filed in a manner inconsistent with the provisions of Section (2), the Office shall return such application with an extension of time to file the application together with the missing data. In the event that a person entitled to Indemnification returns the application in response to the Office's request to provide additional data without such data, the Office shall judge the application based on the available data.

(4) Persons entitled to Indemnification and intending to acquire arable land pursuant to the provisions of Paragraph 15 shall so state in their applications. No determination authorizing the acquisition of land may be made in the absence of such statement.

(5) The Office having jurisdiction shall inform the affected farming organizations concerning claims filed against their land within two months from the deadline established in Paragraph 11 Section (1). Such information shall be conveyed in a summary form based on all claims for arable land filed pursuant to Section (4).

(6) The Office shall proceed pursuant to the rules provided in Law No. 4 of 1957 concerning general rules of state administrative procedure, except for the following:

a) the deadline for action shall be six months from the date of receipt of application. This deadline may be extended by the head of the Office only once for a period no longer than three months,

b) proceedings shall be suspended if at the time of application, or at the request of the Office the claimant verifies that he has initiated court or other official proceedings necessary to establish his ownership rights which serve as a foundation for his claim.

(7) Proceedings initiated before the Office on the basis of this law shall be exempt from the payment of dues.

### SPECIAL RULES PERTAINING TO ARABLE LAND

#### Paragraph 13

(1) Whenever a claim involves arable land, the extent of damage shall be determined based on the cadastral net income of the arable land (hereinafter: Gold Crown value), so that the value of one Gold Crown equals 1,000 forints.

(2) If a Former Owner received land in exchange for his arable land, the extent of damage shall be established on the basis of the [applicable] Gold Crown value differential.

(3) In the event that Gold Crown data pertaining to part of the land cannot be found in earlier documents, the Gold Crown value shall be determined on the basis of the cadastral net income data of the town (city) which exercises authority over the area where the land is located. Calculations shall be made based on the average Gold Crown data determined at the close of the years 1982 through 1985.

(4) In the event that the whole or part of the original land was recorded as an area not under cultivation or as a fish pond, the extent of damage shall be determined on the basis of the Gold Crown value established for the lowest quality cultivation in the town (city) which exercises authority over the area where the land is located.

#### Paragraph 14

In the event that the Former Owner received any kind of compensation (e.g. redemption price) for his arable land, the amount of such compensation shall be deducted from the extent of Indemnification calculated pursuant to the provisions of Paragraph 4.

#### Paragraph 15

(1) Persons entitled to Indemnification who announced their claim for arable land based on the provisions of Paragraph 12 Section (4), pursuant to the provisions of Sections (2)-(4), shall be entitled to the right to purchase arable land to the extent specified in Paragraph 17 and in exchange for compensation vouchers, provided that the arable land which is subject to the person's Indemnification claim is owned by a cooperative or its legal successor (hereinafter: Cooperative) which acquired, owned or used that land.

(2) Pursuant to the provisions of Section (1) members of Cooperatives also have a right to purchase arable land, provided that the member of a Cooperative

a) is entitled to be indemnified on a basis other than ownership of arable land, and that the member of the Cooperative

b) does not dispose over arable land property, and in other respects

c) complies with the requirements established in Paragraph 17 Section (3).

(3) The right to purchase may be exercised by the person entitled to receive Indemnification, provided that such person makes a commitment to utilize the arable land for agricultural purposes and not to withdraw the arable land from agricultural production within five years.

(4) Arable land acquired on the basis of a right to purchase whose owner failed to perform on the commitment described in Section (3) within five years from the date of the acquisition of such land, shall be transferred to the ownership of the state without Indemnification, and shall be auctioned.

(5) From the standpoint of the owner's personal income taxes, proceeds of the sale of arable land acquired on the basis of a right to purchase, as offset by the amount of investment to increase the value of such arable land, shall be regarded as income in the year when the arable land was sold, if such sale took place within three years from the date of acquisition. The sales value used as the basis of calculating dues shall be regarded as the amount of proceeds.

(6) A person entitled to Indemnification may exercise his right to purchase by announcing his intent to the committee having jurisdiction (Paragraph 18 Section (1)) within 30 days from the date of receipt of notice of having acquired such right; the right to purchase ceases to exist thereafter.

#### Paragraph 16

(1) Based on the right to purchase established in Paragraph 15, a person entitled to Indemnification may demand the release of arable land whose Gold Crown value corresponds at most with the Gold Crown value shown in the determination, and only to the extent of the value of compensation vouchers issued in recognition of damages caused to the owner in the context of his arable land property.

(2) A person entitled to Indemnification shall be obligated to reimburse the entity which releases the arable land for the increased value of the arable land not expressed in the form of Gold Crown value, as offset by the amount of increased value derived from state subsidies. Another tract of land of equal Gold Crown value shall be assigned if the person entitled to Indemnification refuses to make such reimbursement.

(3) Expenses incurred in conjunction with the assignment of arable land, the development of the land as an independent piece of real estate and the recording of such real estate shall be paid by the claimant. The acquisition of property shall be exempt from official dues related to the acquisition of property.

#### Paragraph 17

(1) A land bank shall be established prior to the satisfaction of claims pursuant to Paragraph 15 Sections (1) and (2) for the purpose of allocating land to be transferred into the ownership of members and employees of Cooperatives, and of employees of state farms. The size of the land bank shall be determined by allocating land worth 30 Gold Crowns to each member of a Cooperative, and 20 Gold Crowns to each employee of a Cooperative or a state farm.

(2) In the event that the arable land that remains after the establishment of the land bank pursuant to Section (1) is insufficient to fully satisfy all rights to purchase, tracts of land shall be released in proportionately reduced sizes with due regard to the Gold Crown values shown in the determinations establishing rights to purchase.

(3) In establishing a land bank pursuant to Section (1), current members of Cooperatives, or employees of Cooperatives or state farms whose membership or employment relationship existed on 1 January 1991, and whose agricultural land property is smaller than the size of property defined in Section (1) shall be regarded as members of Cooperatives or as employees of Cooperatives or state farms. Members of Cooperatives who exercised their right to purchase pursuant to Paragraph 15 Section (2) shall be disregarded.

#### Paragraph 18

(1) Assignments of arable land to be released shall be made by a committee of three, composed of a representative of the Cooperative, a representative selected by and from among the persons entitled to Indemnification, and a person who enjoys the confidence of both sides.

(2) To the extent possible, arable land shall be released so that

a) the cultivation and the Gold Crown value of the released arable land correspond with the cultivation and the Gold Crown value of the expropriated arable land,

b) it be in one tract, and

c) it be as close as possible to the residence of the person entitled to Indemnification (in case of real property with homestead, as close as possible to the homestead).

(3) The committee provided for in Section (1) shall be established within 30 days from the date of the expiration of the deadline established in Paragraph 11 Section (1). The committee shall establish its own rules and regulations.

#### Paragraph 19

(1) Arable land to be released shall be outside of protected natural reservations.

(2) In the event that the area available outside of protected natural reservations is not sufficient to satisfy all claims, claims may be satisfied by allocating protected natural areas owned by the Cooperative and cultivated as plough lands, gardens, orchards, vineyards or forests, except for national park areas and areas governed by international agreements, and areas subject to more intensive protection.

(3) Protected natural areas may be allocated only with the concurrence of the authority charged with the protection of the natural environment.

(4) The claimant shall be informed in writing in advance if protected natural areas are released in the form of Indemnification, or if a restriction on land use already exists.

(5) These provisions shall also apply with respect to planned protected areas.

#### Paragraph 20

Land areas protected as historical sites, originally not belonging to or not adjacent to agricultural buildings which were originally not regarded as arable land shall not be used to satisfy land claims.

#### Paragraph 21

Instead of enforcing a right to purchase, a person entitled to Indemnification may request that he be admitted to the Cooperative, and the Cooperative may make an offer to admit such person. If the person entitled to Indemnification is admitted as a member of the Cooperative, the land to which he is entitled in exchange for the compensation vouchers shall be governed by rules applicable to land property owned by members of Cooperatives.

#### Paragraph 22

Compensation vouchers acquired by Cooperatives in the course of satisfying land claims filed by persons entitled to Indemnification against Cooperative property may be utilized by the Cooperative pursuant to the provisions of Paragraph 7 Section (1).

#### Paragraph 23

(1) If the Former Owner's land was transferred as common land to a Cooperative from state-owned land, the Cooperative may satisfy the land claim by assigning arable land owned by the state used as common land by the Cooperative.

(2) If the Former Owner's land is arable land owned by the state and is managed by a state farm, the state farm shall satisfy the land claim pursuant to the provisions of Paragraphs 15 through 20.

(3) The provisions of Paragraph 22 shall not be applied in situations described in Section (1)-(2). Compensation vouchers received in exchange for arable land owned by the state shall be forwarded by Cooperatives and state farms to the county (Budapest) Office having jurisdiction, within 30 days from the date of receipt of such vouchers.

### CLOSING PROVISIONS

#### Paragraph 24

The government shall provide for the implementation of this law, including the establishment of the Office and of rules for the functioning of the Office.

**Paragraph 25**

(1) This law shall take effect on the 30th day after its promulgation, but the provisions of Paragraph 22 shall be applied beginning on the day of promulgation.

(2) Partial Indemnification for damages caused by the state to the property of citizens prior to 8 June 1949 shall be provided for in separate law, in a manner consistent with the principles of this law.

**APPENDIX 1**

**1949**

1) Law No. 24 of 1949 concerning the settlement of certain issues related to the conclusion of land reform and settlement.

2) Decree with the Force of Law No. 3 of 1949 concerning the partial replotting of agricultural and forest management real estate.

3) Decree with the Force of Law No. 20 of 1949 concerning the transfer of certain industrial and transportation enterprises to state ownership.

4) Government Decree No. 4091 of 16 June 1949 concerning the offering of agricultural real property and equipment related to such property.

5) Government Decree No. 4096 of 18 June 1949 concerning the performance of funeral functions in individual cities and towns by municipal enterprises.

6) Government Decree No. 4153 of 29 July 1949 concerning the review and assignment of saw mills, and in regard to amending Government Decree No. 470 of 15 January 1949, insofar as plants sequestered pursuant to the provisions of Paragraph 4 Section (4) were subsequently transferred into state ownership without Indemnification.

7) Government Decree No. 4162 of 26 July 1949 concerning the increased prevention of illegal border crossing and smuggling across the border in certain areas, insofar as real property transferred to the state for use by the state pursuant to Paragraph 1 Section (2) was subsequently transferred into state ownership without Indemnification.

8) Council of Ministers Decree No. 4314 of 13 November 1949 concerning the facilitation of the merger of certain Cooperatives.

**1950**

9) Decree with the Force of Law No. 25 of 1950 concerning transfer of public pharmacies to state ownership.

10) Council of Ministers Decree No. 284 of 10 December 1950 concerning the offering of real estate owned by industrial workers, laborers, miners and transportation workers to the state.

11) Minister of Agriculture Decree No. 16100 of 23 August 1950 amending Decree with the Force of Law No. 3 of 1949 concerning the partial replotting of agricultural and forest management real property, providing for the implementation of the Decree with the Force Law in 1950.

**1951**

12) Council of Ministers Decree No. 94 of 17 April 1951 providing new procedural rules for the confiscation of property.

13) Council of Ministers Decree No. 101 of 29 April 1951 concerning the registration and transfer of inhabitable premises used for other purposes, as well as Council of Ministers Decree No. 165 of 7 September 1951 supplementing and amending these provisions, insofar as the premises utilized were subsequently transferred to state ownership without Indemnification.

14) Council of Ministers Decree No. 145 of 24 July 1951 concerning the replotting of agricultural and forest management real estate property in producer Cooperative towns (cities).

**1952**

15) Decree with the Force of Law No. 4 of 1952 concerning the transfer of certain buildings into state ownership, except for those exempted from under transferring building property to the state based on the provisions of Decree with the Force of Law No. 28 of 1957.

**1956**

16) Decree with the Force of Law No. 15 of 1956 concerning land settlement and replotting.

**1957**

17) Law No. 5 of 1957 concerning citizenship.

18) Decree with the Force of Law No. 32 of 1957 concerning the proprietary situation of persons who illegally left for abroad after 23 October 1956, except for property whose ownership was transferred to family members entitled to inherit such property pursuant to Paragraph 3.

19) Decree with the Force of Law No. 52 of 1957 amending Decree with the Force of Law No. 10 of 1957 concerning the settlement of ownership and use conditions related to agricultural real estate.

**1958**

20) Decree with the Force of Law No. 13 of 1958 amending Decree with the Force of Law No. 28 of 1957 concerning certain issues related to buildings transferred to state ownership.



21) Decree with the Force of Law No. 24 of 1959 concerning the establishment of areas suitable for large scale agricultural farming plants.

#### 1960

22) Decree with the Force of Law No. 22 of 1960 supplementing and amending Decree with the Force of Law No. 24 of 1959 concerning the establishment of areas suitable for large scale agricultural farming.

#### 1965

23) Decree with the Force of Law No. 20 of 1965 amending the rules for offering land.

24) Decree with the Force of Law No. 21 of 1965 supplementing Decree with the Force of Law No. 22 of 1960.

#### 1967

25) Law No. 4 of 1967 concerning the further development of land ownership and land use.

#### 1971

26) Government Decree No. 31 of 5 October 1971 concerning certain issues pertaining to lots owned by citizens (Paragraph 13).

27) Government Decree No. 32 of 5 November 1971 concerning certain issues pertaining to housing and recreational property owned by citizens (Paragraph 13).

### APPENDIX 2

Estimated average values of various types of property shall be taken into consideration when determining the extent of damages suffered:

a) The value (Forint/square meter) upon which Indemnification for real estate is based shall be calculated on the basis of the area of such real estate (housing units, shops, workshops, vacant lots in built-in areas) as follows:

Location	
Forint/square meter	
In Budapest (pursuant to present rental zones)	2,000
Zone 1 (+ 25%)	1,500
Zone 2 (+ 10%)	1,000
Zone 3 (normal)	
In cities (pursuant to present classification)	800
In other settlements	500
Vacant building lots in built-in areas	200

b) In the case of enterprises, based on the number of permanent employees:

Number of Employees	Value Used as the Basis for Indemnification (1,000 forints)
0-2	150
3-5	500
6-10	700
11-20	1000
21-50	1,700
51-100	2,500
Above 100	5,000

### Legislative Intent

91CH0596B Budapest MAGYAR HIRLAP  
in Hungarian 3 May 91 p 9

[Analysis of law]

[Text]

### General Intent

State actions following the "year of turnaround" encroached upon the foundations of private property.

In conjunction with the system change, Former Owners forcefully expressed a need to remedy past wrongdoing involving private property and to compensate for damages.

In the process of building a market economy and in recognizing and protecting private property, it is the moral duty of the state to provide financial Indemnification to persons who suffered damages in their property as a result of the state's actions.

In order to establish stable ownership conditions consistent with a modern market economy, and to discontinue uncertainty with respect to ownership conditions the state intends to remedy the earlier damage inflicted by the state by providing partial financial Indemnification to Former Owners instead of returning (reprivatizing) the property of Former Owners.

This solution is justified by the present ability of the nation to carry an additional financial burden, as well as by the circumstance that in the past damages which have financial implications and which cannot be remedied even partially were suffered not only by property owners, but also by persons who did not own property. These damages continue to have an impact on today's living conditions.

Indemnification is limited both in time and in terms of the amount to be paid.

It is the purpose of this legislative proposal (hereinafter: Proposal) to compensate for damages suffered as a result of legal provisions enacted after 8 June 1949. In addition to the need to establish limitations, this starting point of the covered period was justified by the fact that a National Assembly based on the 1949 antidemocratic elections was convened on that day. The Proposal states

that damages suffered prior to that date would be indemnified later on the basis of principles identical to those established in this Proposal.

The extent of the initial damages (the extent of damages incurred at the time the property was taken away) will be defined in amounts to facilitate calculations and in order to avoid disputes which may evolve easily.

With regard to assessment of the average value of damages, full Indemnification can be provided only to a small group of claimants, and further, in addition to such limitation, it is appropriate to impose rules on the basis of which damage claims of a higher value are subject to greater limitations. Maximum limits for Indemnification must be established per person as well as per each property item.

Since the above defined and limited amount is also huge, and in order to avoid the effects of growing inflation, Indemnification must be provided in the form of interest bearing and negotiable securities and not in the form of cash.

The inclusion of special rules governing arable land in the Proposal was both justified and necessary. This is so because Indemnification applies to damages suffered with respect to all types of property, but Indemnification of damages involving arable land required special consideration because of the finite character of arable land and because the profitability of arable land differs from the profitability of other types of property, etc.

#### Section by Section Analysis

##### Paragraphs 1-2

Paragraph 1 establishes the scope of property covered by the Proposal, while Paragraph 2 defines the persons covered.

As provided for in this Proposal, only natural persons are entitled to Indemnification. Individuals holding Hungarian citizenship on the effective date of this law, as well as persons who were Hungarian citizens at the time they were deprived of property but became citizens of a foreign country since, persons deprived of their Hungarian citizenship before they were deprived of their property and non-Hungarian citizens who were long-term residents of Hungary as of 31 December 1990 may establish claims for compensation vouchers [hereinafter: Vouchers]. The latter provision takes into account those Bulgarian, Polish etc. persons who lived in Hungary for decades, suffered damages identical to those suffered by Hungarians, but have retained their foreign citizenship.

This Proposal would permit the enforcement of Indemnification claims not only by persons directly affected as a result of the application of legal provisions enumerated in the Appendix, but also by the descendants of the Former Owner, or in the absence of descendants, by the Former Owner's surviving spouse. For obvious reasons, inheritance rules contained in the Civil Code of Laws could not be applied in regard to the Indemnification of

the Former Owners' descendants and surviving spouses, because the Former Owner would not have been able to include in his estate property that was taken away from him prior to his death. Further, the regular application of inheritance rules, with respect to ancestral property, widow's rights, willed inheritance, etc., in particular, would extend the number of individuals to whom the state voluntarily offered Indemnification to such extent that the country would not be able to bear the ensuing burden, and would endanger the speedy settlement of property relations, the stated goal of this Proposal.

Considering the above, the Proposal establishes sui generis rules to cover descendants to a reasonable extent, but provides Indemnification only in equal proportions to the descendants to the extent to which their immediate ancestor owned property, and a descendant would not be entitled to claim Indemnification for that share of property to which his deceased sibling would have been entitled. Thus, for example, if one of the descendants of a Former Owner deceased without leaving behind descendants, the descendant(s) still living would not be entitled to establish a claim for Indemnification based on that part of the property to which the deceased descendant would have been entitled.

As shown in the title, the Proposal would provide partial Indemnification of damages caused to natural persons or citizens, and would not settle damages caused in the property of legal entities. This is so in part because a majority of these legal entities can no longer be found, and in part because separate laws provide for settling the property claims of a certain class of legal entities, such as local governmental bodies, churches and social security.

##### Paragraphs 3-4

A finding concerning the extent of the damage caused is necessary as the first step in determining the amount of Indemnification due.

The Proposal would require that the extent of damages incurred with respect to three types of property as a result of enforcing the laws specified in the Appendix must be determined in terms of estimated average values. Thus the Proposal also includes estimated average values for real property, enterprises and arable land. Practical considerations suggested that damages be assessed in the form of estimated average values because it was apparent that the exact extent of damages incurred 30-40 years ago could not be determined accurately, alternatively, such calculations could have been arguable. The intent of the provision that the value of movable property, along with real property, enterprises, and arable land be included in the estimated average value is to simplify matters and to avoid unwarranted and time-consuming lawsuits and disputes. After all, even if it were possible to determine the value of real property from contemporary sales agreements or earlier tax assessments with a certain degree of accuracy, proving the value of the related movable property found on real property would by all means be impossible today.

The nation cannot afford to provide full compensation for the damages suffered. Consequently the Proposal prescribes a fair, multitier, degressively indexed system for calculating the amount of Indemnification, and at the same time establishes maximum limits of Indemnification per property and per claimant.

Claims involving arable land are subject to special rules. Up to a 1,000 Gold Crown value the rate of Indemnification is at 100 percent, provided that the indemnitee has filed a claim. It should be emphasized, however, that this preferential rule can be applied only if the indemnitee actually effects the purchase of arable land. If he failed to exercise the right to purchase arable land the damage calculated after the land that had been taken away would be calculated on the basis of the degressive table just like anyone else's claim and Indemnification would be calculated. Accordingly, the benefit granted with respect to arable land cannot be abused.

The special rule related to arable land, divergent from the general provisions of Indemnification, is warranted by the following considerations:

- The return on arable land is substantially smaller both in Hungary and throughout the world than the return on other assets.
- The person acquiring arable land as a result of Indemnification incurs a significant added expense by having to pay for example, the cost of surveying the land.
- The acquisition of arable land property lays only the foundation for a future enterprise. Significant investments by the indemnified person are required before the enterprise produces a return. Indemnitees claiming other types of Indemnification (e.g., the acquisition of stock) need not make such investments.

#### Paragraph 5

Based on the provisions of Paragraph 4 the Damage Claims Settlement Office prepares a Voucher in the amount of Indemnification for use by the natural person who proves his eligibility for Indemnification.

The Voucher is a security which embodies a special right and is based on Paragraph 338/C of the Civil Code of Laws. Since Vouchers constitute securities exchangeable at sight, the Proposal also enables the transfer of Vouchers to both natural persons and legal entities. In this way, once a person owns a Voucher, it may be used by anyone in the course of purchasing state property, irrespective of whether such purchase corresponds with the requirements established in Paragraph 2.

The constant value of Vouchers is safeguarded by the fact that such Vouchers earn interest. But in a manner different from bonds and other securities, the interest amount, just as the Voucher itself, does not increase the volume of currency in circulation. For this reason, compound interest calculated on the basis of 75 percent of the prevailing basic central bank interest rate will be

added to the face value of Vouchers. This interest rate was based on a number of considerations. On the one hand, the relatively low interest rate encourages the early exchange of the Voucher, thus, reducing potential threats to the evolving securities market presented by the entry of Vouchers to the market. On the other hand, it was appropriate to set the interest rate at a level near the increased value of capital goods that may be acquired in exchange for the Vouchers. The incremental value of capital goods significantly lags behind the inflationary price increases of consumer goods, and behind the interest payable on deposits. The state pledges the productive capital goods it owns as collateral for the Vouchers it issues. Accordingly, the application of an unjustifiably disproportionate interest rate to Vouchers as compared to the appreciation rate of capital goods would be inappropriate.

In order to avoid situations in which the indemnitee suffers disadvantage as a result of possible delays in the evaluation of claims for Vouchers, the Proposal establishes the starting date for the accrual of interest in the form of a fixed date, rather than as the actual date of issuance of the Voucher.

The three year fixed term limitation on the accrual of interest starting on the issuance date of Vouchers is intended to encourage the use of the Vouchers.

#### Paragraph 6

The Proposal states the kind of information to be printed on Vouchers. This information makes clear the value and the conditions of use and transfer of Vouchers.

#### Paragraph 7

Although in a manner similar to notes Vouchers also constitute a demand, they do not authorize the holder to exchange them for cash, but to purchase state property for the face value plus the amount of compounded interest. Such exchange may take place whenever a state enterprise transforms into a business organization or when state assets are sold directly. In the former case Vouchers may be converted into stock (business shares) issued on the basis of enterprise assets, as reassessed pursuant to the provisions of Law No. 13 of 1989. In the latter case an opportunity is afforded to purchase assets (businesses) intended to be privatized in the framework of public auctions, pursuant to the provisions of Law No. 74 of 1990.

The Proposal also enables the acquisition of arable land in exchange for Vouchers. In certain instances and in due regard to certain considerations this form of property acquisition also conveys a right to purchase.

Having received Vouchers, indemnitees may use these Vouchers primarily for the acquisition of assets mentioned above. Nevertheless the inclusion of additional opportunities to use the Vouchers was also warranted.

Thus, Vouchers may be used as payment for the purchase of housing units owned by the state or by local

governmental bodies. This rule does not affect rights guaranteed to autonomous local governmental bodies: Based on the applicable legal provisions local governmental bodies may sell the housing units they own, at their discretion. But in the course of such sale, the buyer, typically an occupant lessee, may use the Voucher as a means of payment. Two additional protective rules are tied to this provision:

a) Vouchers may be used to pay for housing only if the indemnitee is entitled to purchase such housing, in other words, Vouchers purchased from someone else cannot be used for the purchase of housing.

b) Local governmental bodies may dispose of the Vouchers obtained as a result of the sale of housing as a means of payment whenever state property is privatized.

Two additional rules expand the provisions governing the use of Vouchers. Indemnification Vouchers must be regarded as a person's own resources in certain credit transactions, and Vouchers may be exchanged for annuity payments.

Since Vouchers may be used in a number of ways, individual large organizations, local governments, financial institutions, social security, producer Cooperatives, which accumulate a large volume of Vouchers may exchange such Vouchers in a more concentrated and more efficient way for privatized state property. This intent is realized on the basis of the Paragraph 8 provisions.

#### Paragraph 8

Considering the fact that the Vouchers issued are backed by assets subject to privatization, it is of fundamental importance to ensure that the issuance of vouchers takes place at a pace consistent with the privatization of state property.

For this reason, the Proposal would authorize the government to suspend the exchange of Vouchers as recommended by the State Property Agency [AVU]. The various serial issues to be imprinted on Vouchers at the time of their issuance, as mentioned in Paragraphs 5-6, also serve the purpose of appropriate pacing.

Nevertheless restrictions regarding the conversion of Vouchers may only be imposed temporarily, without resulting in unwarranted discrimination between holders of Vouchers, and without creating a disadvantage from the standpoint of earned interest. It should be stressed that providing for suspension constitutes only a possibility, and that such rule is provided only as a matter of guarantee to be applied in unexpected cases when the availability of too few assets on the supply side could lower the sales value of Vouchers.

The pacing of utilization must be ensured not only on the "buyer's" side, but also on the supply side. For this reason, the Proposal would delegate the authority to determine the extent to which Vouchers may be used to the AVU which directs the efforts to privatize state

property. This delegation of authority is made subject to conditions specified in the Proposal. In the course of this, an opportunity has been established for AVU to exchange large amounts of Vouchers accumulated by individual large organizations for state property well in excess of the 10 to 20 percent lower threshold established in the Proposal. This serves the purpose of the earliest possible "exhaustion" of Vouchers and is based on the multipurpose use of Vouchers provided for in Paragraph 7. Quite naturally, this provision applies not only to large organizations, but also to indemnitees who hold Vouchers.

#### Paragraph 9

The Proposal does not provide for reprivatization, instead it provides for the partial Indemnification of damages in property. While maintaining and not exceeding this fundamental principle, the Proposal would provide a prepurchase right to Former Owners regarding a specific category of property. This appeared as appropriate because otherwise the Indemnification effort could not be complete for reasons already described in the General Intent, while on the other hand claims may still be filed for the recovery of assets which still exist today in their original form. This opportunity to prepurchase, however, does not constitute reprivatization. It merely provides a prepurchase right for holders of Vouchers against other claimants who also file claims for their former property. This right is to be exercised consistent with the applicable provisions of civil law.

The enforceability of the rule concerning the exercise of the prepurchase right is ensured by exceptions enumerated in the Proposal. These exceptions rule out possible conflicts between similar rights granted in the prepurchase provisions of the preprivatization law, and grant a primary right to lessees who occupy state or local government housing units vis-a-vis the prepurchase right established in the Proposal. For similar reasons, the prepurchase right established in the Proposal does not apply in cases when the AVU sells the membership rights of a claimant who acquires his former property, or the membership rights in a company established with the contribution of such property.

#### Paragraph 10

The Proposal designates the county (Budapest) damage claims settlement Offices as the regional authorities of the first instance to administer the Indemnification process. Determinations of the authority of the first instance may be appealed to the National Damage Claims Settlement Office acting as the authority of second instance. Its determinations are final. The authority which protects natural resources participates in the workings of these Offices in order to protect environmental interests.

Consistent with the Constitution the Proposal provides for challenging final determinations in court. The judiciary is authorized to fully review and to change determinations.

**Paragraph 11**

The Proposal would establish a 90 day limit for announcing Indemnification claims. This time period is required for the consideration of claims, at the same time it also suffices for the consideration of making such claims. Providing for a longer time period was not warranted, because a longer period would unnecessarily prolong the period of actual damage assessment, and consequently also the entire process. This would result in further legal uncertainty.

The Proposal would establish the jurisdiction of damage claims settlement Offices consistent with established legal principles. In the event that the property includes real property, the damage claim should be appropriately settled by the Office which has jurisdiction over the real property. Based on rules that proved to be appropriate, in cases involving foreigners the jurisdiction of the Budapest Office is appropriate.

The Proposal has as its purpose to permit the evaluation of claims filed by the same indemnitee in the framework of a single proceeding. In the event that the property loss to be indemnified consists of several tracts of real estate subject to the jurisdiction of several Offices, the indemnitee has the right to choose the Office to assert jurisdiction.

**Paragraph 12**

Indemnification proceedings begin with a written petition. An indemnitee will have lost his right to enforce his claim if he failed to submit his petition within the 90-day time period established in the Proposal. General rules contained in the law governing state administrative procedure pertaining to a petition may be applied in cases in which an indemnitee failed to submit a petition through no fault of his own.

To avoid prolonged proceedings, the Proposal would constrain claimants to cooperate to the extent possible in the successful conclusion of proceedings.

The special proceedings applicable to the release of arable land demand that such claims be presented immediately by the indemnitee. Business organizations and indemnitees have a common interest in being aware of the claims, therefore the damage claims settlement Offices will combine the claims and inform the affected organizations in a summary form.

The Proposal would apply the general rules Law No. 4 of 1957 to the proceedings of the damage claims settlement Offices, except for changing the period for duty to act from 30 days to six months. This exception is justified because it is apparent that the normal period established for the duty to act is unfairly insufficient for the handling of cases which arise under the authority to be established under this Proposal.

The Office will only determine the appropriateness of claims and the extent of damage, and will not render

decisions regarding ownership issues. Disputes concerning ownership must be decided in the framework of civil court proceedings, unless the parties to the dispute reach an agreement. In certain cases the acquisition of proof may involve proceedings initiated by other authorities. The Proposal would mandate the suspension of proceedings if a claimant initiated the required advance proceedings. The character of the proceedings warrants that the object of these proceedings be exempt from the payment of official dues.

**Paragraph 13**

As contained in the Proposal, Paragraphs 13-23 deviate from the general rules of order and require that special rules be followed with respect to determining Indemnification claims related to arable land.

Thus, a special rule would be followed with respect to determining the extent of damage in instances where the cadastral net income of arable land is used as the starting point for damage assessment. The 1,000 forint per Gold Crown value mentioned in the Proposal may be regarded only as an accounting unit because real market conditions have not previously evolved with respect to land.

In the event that earlier Gold Crown data for land areas cannot be found, the value of land areas may be determined by using auxiliary rules, according to the Proposal.

**Paragraph 14**

In the event that a Former Owner received instead of the land he originally owned another piece of land, the extent of damage suffered by such Former Owner will be established by comparing the Gold Crown value of the two tracts of land, and the damage suffered by the Former Owner will be the difference between the lower Gold Crown value of the land he received and the higher Gold Crown value of his original land. Similarly, the amount a Former Owner received in the form of compensation for the land taken away from him must be deducted from the amount of Indemnification received for arable land, established on the basis of degressive calculations.

**Paragraph 15**

The Proposal would indemnify private persons who suffered damages in their property on an equal basis, under identical considerations. Within the process of exchanging Vouchers for property, however, special rules had to be established with respect to arable land. Two fundamental reasons justify the need for such rules.

Vouchers may be exchanged for property owned by the state, dependent on decisions rendered by AVU which in this regard acts as the owner on behalf of the state, because the state disposes of such property. In contrast, a significant part of arable land, also affected by this Proposal, is owned by Cooperatives. Therefore, the release of such land is ensured by the right accorded to indemnitees to purchase such land.

The other fundamental consideration involved is the purpose of the Proposal to settle ownership conditions. In terms of arable land the implementation of this purpose must produce a situation which is also acceptable to villagers engaged in agricultural activities as well as to Former Owners of arable land. For this reason, the Proposal would grant purchase rights to indemnitees as well as to Cooperative members who comply with the relevant conditions specified in the Proposal and who may be assumed to cultivate the returned or acquired land as their lifelong occupation. Stringent rules contained in the Proposal regulate entitlement decisions on the right to purchase. These rules govern cases in which an indemnitee withdraws from agricultural production arable land acquired on the basis of the right to purchase, or if he sells such land.

#### Paragraph 16

Based on the right to purchase the release of land having a Gold Crown value designated in the determination establishing a right to purchase may be requested. The indemnitee must reimburse the incremental value of arable land not included in the Gold Crown value which resulted from investments by the business organization which releases the land.

The claimant must pay for the designation of the tract of land, for the development of the land as an independent unit of real property and for the recording of such real property. This significant burden also serves as a justification to provide more favorable rules for the acquisition of arable land property than for the acquisition of other property.

#### Paragraph 17

The Proposal also observes the interests of business organizations when it requires the establishment of a land bank consistent with the number of members and employees. The land bank ensures the possibility of management as well as the possibility to provide arable land of an appropriate size to members and employees in the course of a subsequent distribution of assets. The Proposal provides a definition of members and employees in order to avoid abuses.

The obligation to establish a land bank precedes the right to purchase, therefore, in the event that the size of the remaining arable land does not suffice to satisfy all claims, the land must be released proportionately to those entitled to receive land.

#### Paragraph 18

The Proposal mentions only a few considerations in regard to the designation of arable land to be released. It delegates the related decision entirely to the interested parties. After all, a committee composed of representatives of the interested parties and of a third person

chosen by the interested parties who enjoys the confidence of the interested parties can represent local interests in the most authentic way, and can render decisions with respect to arising disputes.

#### Paragraph 19

In order to preserve natural values, arable land which is part of national parks, or which are governed by international agreements or are subject to intensive protection cannot be released at all, while arable land situated in protected areas may be released only with the concurrence of the authority charged with the protection of natural resources, and only if other areas do not suffice to satisfy all the claims.

The protection of natural resources constitutes a significant limitation on possible land use, therefore, the law prescribes that claimants must be informed in writing and in advance of such limitations. Such notice is in the interest of claimants.

The above limitations must also be applied in regard to areas which authorities having jurisdiction plan to declare as protected areas.

#### Paragraph 20

The proposal would prohibit the release of tracts of land which surround a large number of buildings protected as historical sites, found throughout the country. The appropriate utilization of such buildings demands that they be surrounded by land of appropriate dimensions.

#### Paragraphs 21-23

The Proposal would significantly simplify the process related to the release of land if the indemnitee who agreed to cultivate the land became a member of the Cooperative. In such instances the indemnitee's land ownership rights may be settled internally, within the Cooperative, pursuant to legal provisions presently in force.

The Proposal would enable Cooperatives to freely use the Vouchers received from indemnitees exercising their right to purchase arable land. Cooperatives could use these Vouchers for the acquisition of assets needed for the pursuit of agricultural activities, released by the state.

The obligation to release land which ensues from the right to purchase extends (may extend) to state-owned arable land used by Cooperatives or managed by state farms. In these instances the state provides Indemnification in kind, therefore the state is entitled to Vouchers obtained by state farms or by Cooperatives for such land.

## POLAND

**Uncertainty Still Reigns on Reprivatization**

91EP0468A Frankfurt/Main FRANKFURTER  
ALLGEMEINE in German 24 Apr 91 p 14

[Article by Stefan Dietrich: "They Were All Victims: Two Concepts for Reprivatization of Expropriated Property in Poland"]

[Text] Warsaw—In some respects Poland is ahead of its former comrades in the socialist camp on the way to democracy and market economy. In the privatization of industry others are ahead of Warsaw, especially Hungary. The Ministry for Ownership Transformation has started only this year to deal seriously with the reprivatization of confiscated property under its new chief Lewandowski. Under Lewandowski's leadership the decision in principle was made to which the government came around after some hesitation, since at first glance it is not easily compatible with the liberal basic convictions of Prime Minister Bielecki and his team of men (there are no women in the cabinet). From the experience of those who first tried it, above all the lesson has been learned on the Vistula that it does not pay to arouse exaggerated hopes for indemnification of communist wrongs. "Everybody has to settle his own score with the old regime, not only the owners of expropriated property," said Lewandowski after approval of his program by the cabinet. Only a small part of the claims can be satisfied. But now it is important "to create clear conditions, so that investments can be made and privatization is not hindered."

The government has expressed itself surprisingly plainly against a general return of the nationalized estates. The guidelines for reprivatization, which next have to be put into the form of a law and harmonized with the competing drafts of the Sejm and the Senate, attach so many conditions to the restoration of old property rights that this will happen only in exceptional cases. Among other things, it is required that the employee organizations of the factories and state farms involved give their approval and that the property to be restituted can be separated from the plant assets that have been added in the meantime. Moreover in the case of a "natural restitution" (return of objects) all ownership duties also have to be taken over, i.e. not only existing labor contracts and leases but also financial and old ecological burdens. It is expressly stated that no costs must arise to the state budget from the retransfer of ownership.

Even indemnification in the form of stocks and shares in companies is provided only for a relatively small part of the victims of nationalization, i.e. only for those in which the communists violated their own arbitrary laws. This applies to the owners of expropriated homes and factories to whom the legally promised indemnification payments were not made; the landowners who were driven from their land without any statutory basis; the pharmacists who were deprived of the basis of their

livelihood; and members of the national minorities in Poland's southeast who were forcibly resettled for political reasons in the former German Eastern territories. According to a rough estimate of the Ministry for Ownership Transformation, these legal titles alone add up to claims of 17 billion German marks [DM], which can only be partially satisfied in the form of capital vouchers. In addition there are the claims of the Poles who lost their possessions in the Polish eastern territories annexed by the Soviet Union. The latter are to be compensated with symbolic compensation payments of about DM1.8 billion.

Not considered are expropriation measures which were in the framework of socialist legality and as such are condemned after the fact, but are not being called into question. In this connection the confiscation of German property is not touched on even in passing. But even Poles who emigrated are excluded from indemnification payments unless they are prepared to return and again acquire Polish citizenship.

The government's guidelines are in conflict with a concept that was developed in the Office of the President. State President Walesa in February had appointed Grohmann, a member of the well known Lodz manufacturers dynasty, commissioner for reprivatization questions. This personnel decision was an anticipated program, since Grohmann, as chairman of the newly established Association of Industrialists, had demanded the return of all confiscated factories. Walesa himself also has declared himself in favor of the principle of "returning everything," but in each case with some ifs and buts. With reference to the authority of the president, Jerzy Grohmann in his reprivatization program has given absolute priority to natural restitution of all nationalized estates which have been the property of the state until now. Where new titles of ownership have developed in the meantime, such as in the distribution of the land to small farmers, the former owners are to be indemnified in some other way. Only the persons expropriated themselves and their relatives in the first degree are to be entitled to the restitution. Walesa's commissioner sticks to the binding effect of the socialist laws less definitely than the government when he questions, for example, the legal validity of individual measures.

In Grohmann's opinion, the decree on the land reform of September 1944, which forms the basis for thousands of big landowners being robbed of all their possessions, was unlawful "ab initio" because it was issued by a self-appointed revolutionary government, the Polish Committee for National Liberation. The thesis of the nullity of this decree runs counter to the sense of justice of many Poles. Its consistent application would of course create chaos in the country and entail not only further unattainable indemnification claims but would jeopardize the developed legal relationships as a whole, for all later governments of the People's Republic derived their authority from the National Liberation Committee. The Government of the Third Republic, as Poland now calls

itself, picking up the threads of the Second Republic of the prewar period, anxiously guards itself against encouraging such complications.

It is not clear how the Polish public thinks with respect to this question. In a poll taken in early March, 91 percent of the respondents were in favor of reprivatization. More than a quarter of the respondents wanted the restoration of the old property conditions independent of whether or not the expropriation was legal. At the same time nine out of 10 respondents to the same poll stated they would fight if they themselves were negatively affected by the reprivatization, e.g. if the returned owner of the house were to raise their rent. The seemingly overwhelming avowal of the property right apparently referred to a rather abstract property right and to an instinctive rejection of the communist rule.

Viewed legally, little importance is attached to public opinion since legal questions after all are not democratically decided. But four and one-half decades of perversion of justice in the name of a class ideology cannot be undone by applying civil rights laws. All were victims, not only the families of the former propertied strata. The politicians must find the pragmatic middle course between adequate indemnification of the expropriated and the reasonable burden on the entire nation and, in doing so, think more about the future than about the past. Minister Lewandowski is closer to this ideal than Walesa's adviser Grohmann. For the time being neither of them excludes the possibility that in the end a joint draft will be achieved from their different beginnings.

#### Prospects for Credit Card, Eurocheck Use

91EP0470A Warsaw GAZETA BANKOWA in Polish  
No 14, 7-13 Apr 91 p 21

[Article by Halina Binczak: "Game of Plastic Cards"]

[Text] A multicolored sticker on the doors invites one to come in to make a purchase. Foreign tourists who do not like to carry cash are often attracted by a familiar name, engaging in what an advertising bill for credit cards calls "impulse buying." These multicolored signs had been seen in some Polish shops for a long time. However, I have always suspected that they are merely an element of decoration, especially given the fact that as an owner of traveler's checks I was not pampered by our trade, and after privatization my purchases were altogether discouraged.

#### Card Dollars

However, the hunger for foreign clients grows rapidly, and an increasing number of companies accept foreign checks and credit cards. Orbis was the first to begin accepting them in 1969 because "it could not be avoided." Increasingly often, foreigners coming to Poland and taken under its wing brought with them plastic cards instead of cash; on occasion, they had nothing [else] with which to pay the hotel. In addition, every now and then foreign companies issuing credit

cards would approach Orbis; these companies were lured by Central and Eastern Europe which was a blank spot. Therefore, Orbis defended itself as long as possible (accepting credit cards called for changes in the system of settlements and bookkeeping). When it had to surrender, it initially signed a contract with only one issuing agency of credit cards—Diners Club International. Initially, sales paid for in this manner were very small, from several to several tens of thousands of dollars a year. Cards were used only in Orbis hotels and several shops. The number of foreign partners and outlets at which credit cards could be used kept growing gradually, but sales were still small.

This was not due only to the reluctance of Polish companies to use plastic money. Foreigners, though appreciative of the convenience of using the card, could count as well. They knew full well that the "card" dollar is considerably worse than the dollar exchanged on the black market. We should also count credit card issuing agencies among the circle of foreign supporters of Deputy Prime Minister Balcerowicz, because foreigners began to be interested in earnest in using plastic money in Poland only after the black market rate and the bank rate became the same.

Orbis, or more precisely, the Polcard company recently established by this travel agency and BIG [Economic Initiatives Bank], currently has contracts with five credit card issuing agencies: Air Plus, Diners Club International, Eurocard-Mastercard, Visa, and JBC. Until recently, American Express still belonged to this group, but this year the company established its own representative office in Warsaw.

Polcard is involved primarily in the acquisition of partners, i.e., looking for companies which are interested in accepting payments by way of credit cards. If a contract is signed, it is the duty of the company to provide appropriate equipment and materials, train personnel, and subsequently settle for payments with domestic and foreign partners. This company also operates a so-called around-the-clock authorization center to which shops and service providers turn in the event of doubt when payments are made by the card (this may involve, for example, an amount greater than this establishment usually accepts).

Credit cards are now accepted not only by the internationalized Orbis hotels (in their case, sometimes more than 70 percent of the bills are paid in this manner), but in principle, all travel agencies in Poland. They may be used to pay for both tourist services themselves and airline tickets. Cepelia and Desa have accepted the cards almost from the time they arrived in Poland. At present, they are also used for payments in well-known restaurants—the Wierzynek in Krakow, Pod Wososiem in Gdansk, and in many establishments in Warsaw.

Art galleries, both renowned and new, private galleries, show a tremendous interest in clients with cards. Owners of jewelry shops behave in the same manner; for



example, the entire Mariacka Street in Gdansk belongs to credit card systems. Plastic money is also accepted at more than 50 shops of Baltona, including all at border crossings, and Pewex shops in hotels. In total, by the end of last year, cards could be used for payment at 500 points in Poland, and now at 600. According to projections by Elzbieta Kuzio, managing director of Polcard, next year there will be more than 1,000 such points. Actually, the entire operation becomes truly profitable for the intermediary company when the turnover is high (the intermediary receives a small share of commissions paid to the card issuing agency by the merchant). In 1990, the [card-generated] revenue at Polcard exceeded \$30 million.

Among others, future contractors of Polcard include notaries; it is much more convenient to pay by card the large amounts of notary fees associated with, for example, setting up joint ventures. Foreign companies which are opening in Poland, for example, car dealerships, are also used to noncash transactions. Polcard is looking for partners mainly in tourist localities, that is, in Krakow and on the coast, counting on, among others, tourists from cruise ships putting in at Gdansk. At present, they frequently fail to make purchases because they are afraid to take cash with them from the ships.

#### **Eurocheque Zlotys**

Eurocheques also appeared on the market in addition to credit cards. Despite the fact that they "came to be" in Poland as early as 1974, until recently they could only be cashed at three hard-currency banks. Last year, the National Bank of Poland signed a contract with Eurocheque International (a so-called Package Deal Agreement [PDA]) which makes it possible to use these checks in making purchases and paying for services, provided of course, that domestic companies agree to this.

It is worth the effort: Eurocheque International is one of the three largest systems in the world. Banks in Europe and in Mediterranean countries belong to the club of issuing agents. The Eurocheques may be used at 5 million shops, service stations, and hotels in 41 countries. Almost 40 million clients of European banks use Eurocheques.

Until last year, every Eurocheque used in Poland had to be sent to the issuing agency for acceptance before it was paid, which took between 10 days and seven weeks. The Eurocheques were issued in foreign currencies (several of them) and cashiers had to calculate exchange rates and collect commissions. After the signing of the PDA, the entire system became considerably more favorable for merchants: The Eurocheques are issued in zlotys; one check can be up to the amount of 2 million [zlotys], but upon checking the EC card several checks may be accepted at the same time. No commission is collected from the merchant (the banks settle these issues among

themselves, and judging from the development of non-cash transactions they do just fine). At present, merchants get their money faster due to a system of communications and Eurocheque settlements organized jointly by the National Bank of Poland and the PEKAO [General Savings Bank]. A communications and warning center (checking out suspect checks, notices of counterfeiting, and responses to the doubts of those accepting checks) is located at the National Bank of Poland. In turn, a special center at the PEKAO bank settles with those who accept checks and issue them abroad.

At the National Bank of Poland, they believe that Eurocheques may only now become popular, now that the Pewex and Baltona shops have switched to zloty prices, and settlements have become more rapid. A great many tourists and businessmen from Western Europe are used to this form of payment, and the familiar sign on the shop window may indeed induce them to make purchases. As it is, other postcommunist countries introduced Eurocheques in their markets before we did (Hungary, Czechoslovakia, and even the USSR). In addition, Hungarian banks have been issuing Eurocheques for a couple years now, and the Komerční Banka [Commerce Bank] in Prague is getting ready to do this.

The National Bank of Poland is also getting ready to begin issuing Eurocheques this year which, belonging to the "family," will be accepted wherever the checks of other issuing agents of this group are accepted. A Eurocheque owner will receive, in addition to a checkbook, an EC card, which has all the elements of a credit card and may be used to draw money from automatic teller machines.

#### **Natives With Cards**

The Polish banks are still preparing to play the role of the agent issuing credit cards, planning first of all to join one of the recognized foreign systems. The Visa International system is the most popular among Polish banks. The PEKAO bank, the BIG, and the Industrial and Commercial Bank from Krakow have signed agreements with this organization. Visa cards are used by more than 220 million people throughout the world, and money can be obtained with this card at 300,000 bank branches and 47,000 automatic teller machines. Visa may be used for payments in 7.7 million shops and service outlets. These are where the owners of Visa cards issued by the PEKAO or BIG would also go, because it is assumed that Polish citizens would use the cards primarily on business trips, at least initially.

The BIG, which is a bank for enterprises, intends to issue business cards, or cards for people who take business trips for their companies. Studies done by the BIG indicate that an average Polish company spends about \$50,000 annually for this purpose, and therefore this is worth the effort. All enterprises will be able to start a [commercial] card account at the BIG rather than only current clients. Visa cards issued by the BIG will be gray because this color is in effect for documents of this type

in the entire system. Payments may be made with this card inside the country also, for example, when airline tickets are bought at travel agencies. Initially, private companies will account for most Visa users because foreign trade enterprises may have difficulties with subsequent settlements for expenditures, due to per diem restrictions. The BIG Visa cards have already been prepared (in London) and will most likely arrive in April. As the BIG says, the interest in them is tremendous.

The PEKAO Ltd. bank has adopted a somewhat different concept of a credit card, also in cooperation with the Visa system. The bank intends to issue Classic cards in both private and enterprise versions on the basis of its current hard-currency accounts. An assessment of profitability has been made which required, among other things, a determination of the number of clients who will perform operations with a frequency justifying the use of the card. It is expected that initially the cards will be used abroad for the most part. The bank also expects to subsequently issue domestic Visa cards based on zloty accounts. In the future, after the full convertibility of the zloty is introduced, one card should suffice inside the country and abroad.

Both the BIG and the PEKAO are gearing primarily to service entrepreneurs because this group indeed needs the cards (the Industrial and Commercial Bank from Krakow so far restricts itself to accepting the cards of other banks in the Visa network). At present, no Polish issuing agent intends to work with VIP cards. These are so-called Gold Cards; a couple of years ago, Raisa Gorbacheva paid for her purchases in London with one of these cards.

The best venture for the banks, also due to related advertisements, is to embark on cooperation with several systems of credit cards. The National Bank of Poland negotiated on this issue with American Express, and the BIG with the Eurocard-Mastercard system. In the future, such contacts will undoubtedly be more numerous.

Appropriate "technical armament" is a prerequisite for the development of plastic and check money in the Polish market, both for passive services, i.e., the acceptance of cards and checks, and for their issuance. Such systems actually do not exist without computers and good communications. The BIG has already purchased equipment and software for intrabank communications and links with Visa. Polcard intends to provide as early as this year the POS (Point of Selling) [terminals], or a device which makes it possible to identify the card and transmit data to the settlement center. "Computerization" already performed and expected at the PEKAO and the National Bank of Poland should make it possible for information to circulate rapidly. The bank guarantees payments on checks and cards up to a certain amount (the owner of the card may not even be aware of this amount). All "excess payments" require rapid contact between the point of sale and a settlement center, or the issuing agency. Effectiveness, and therefore the reason

for the use of the entire system, is limited as long as this contact is established by using Polish telephones.

### Computer Firm Seeks Contracts With Banks

91EP0472A Warsaw GAZETA BANKOWA in Polish  
No 14, 7-13 Apr 91 p 3

[Unattributed article: "VIGOR—Computers for Banks"]

[Text] An ideal computer should be the size of a credit card, be suitable for managing a company, talk, recognize voices, produce a color image the size of a black-board and, in addition, cost just a couple zlotys. For now, this is an ideal for the future, but an increasing number of the producers of data processing equipment are getting closer to this ideal. There is an abundance of companies involved in computer sales in the Polish market; however, relatively few of them also engage in selling software, especially software designed for financial institutions.

The Gdynia company VIGOR Inc. is one of the companies offering to introduce modern data processing systems for banks. The company was established in 1987, and its founders had known each other for several years through common work and acquaintance. The company did not sell computer equipment for the most part, which turned out to be very favorable for its development. This may have been due to the fact that in this company, ownership and competence were in the same hands (and heads). From the very beginning, programming for user systems was emphasized, as well as a full array of services associated with their introduction. A long-range marketing plan was also developed at the very beginning, and they have consistently tried to follow it. The gradual development of the company has been associated with both the growth of its potential and the increasing needs of the market—which are interrelated.

Chairman Wojciech Kielbratowski runs the company, persistently transforming it into a modern enterprise. Marketing Director Andrzej Bartz is responsible for market research and generating offers that meet the needs of the market.

The company employs primarily electronics specialists, economists, and computer programmers, for the most part young people, which influences the nature of company operations. For every client, the company selects a model of an information system which is appropriate. This is all the more significant because for many clients, contacts with VIGOR, at the same time, amount to the first encounter with computer equipment. Therefore, the sale of the product, i.e., the information system, frequently entails the training of the employees who will use it every day. Two branches of the company, in Warsaw and Katowice, take care of this. They perform two basic functions: approaching clients at the stage of commercial negotiations, and providing effective services, or servicing equipment and programming.

Enterprises approached [VIGOR] first, and now there are financial institutions. For the most part, finance and accounting services and economic and payroll [departments] of various enterprises have, to date, approached VIGOR. Construction companies have sought programming associated with cost estimates. Due to this, until recently, the full selection of the company's product consisted only of management support and cost estimate programs. Systems sold at that time by VIGOR are installed on stand-alone microcomputers and in local networks. At the same time, VIGOR delivers varied computer equipment, elements for local networking, and data transmission equipment.

The company also sells peripherals, accessories, and operating materials. They include alphanumeric terminals, emergency generators, and power strips with filters, computer furniture, protective screen filters, containers for magnetic media, diskettes and cassettes, and paper for printers. In addition, VIGOR offers service and maintenance of the equipment, adaptation and servicing of programs, as well as implementation service.

VIGOR tries to deliver to its clients programs and services of the highest quality, meeting the norms used in Western Europe. Due to this, its assortment is somewhat more expensive than that of some of its competitors, but on balance this may make sense for the clients, because they receive a good product, especially given that the information "arming" of a company is usually a process lasting several years rather than a one-time transaction.

At present, VIGOR is adding to its assortment comprehensive systems of programming for banks and financial institutions offered in cooperation with their producer, the French company STERIA. These systems include all functions of the bank. They have been tested in operations all over the world, and a client may purchase them in a language version of his choice. It appears that this is a wide open field due to the necessary development of the banking system, services offered by the banks, and primarily a qualitative improvement in services to the clients.

In a majority of Polish banks, a receipt book and a pen still remain the most commonly used tools for servicing the clients. The performance of elementary operations by the teller, for example, verifying whether a document is drawn up properly, whether the client is entitled to operate on this account, and whether the amount which is to be paid is present in the account, all call frequently for referring to other bank employees, and cause the client to waste time. The introduction of data processing techniques not only reduces to a minimum the time necessary for these actions but also makes it possible, at the same time, to introduce to the data base of the bank information on a payment or deposit which has been accomplished. Entries in the accounts thus become current immediately after the transaction, and a client has an opportunity to immediately obtain a printout with

the new balance of the account. Therefore, he will not have to wait for it for weeks as is still the case on many occasions.

Data processing inside the bank is also necessary, which ultimately also benefits the clients. For example, the system of vault and cashier services used in the banks brings about all operations between the vault and the cashiers being registered in real time, and the system also makes it possible to generate a printout of the cash report. Data processing has also penetrated the support sphere of the banks: A special system of the support sphere makes it possible to register any accounting or nonaccounting document. Yet another system makes it possible to process data accumulated by these programs. Therefore, a bank may update its assets and liabilities on a daily basis and analyze its current financial position.

The opportunity to verify, in the course of each operation, whether it is being performed by an authorized person is another feature of information systems which is essential to the security of the banks. Entries for all operations include the identifier of the employee, and therefore, it is very easy to determine who made a possible mistake.

The benefits of using data processing are not restricted to individual banks. The opportunity to streamline interbank exchanges is equally important. At present, the operation of transferring funds from one bank to another takes at best about a week, and on occasion considerably longer, especially if one of the clients has an account at a branch located in a small locality. It is necessary to create an interbank clearing house, which is planned by the National Bank of Poland anyway, as well as electronic transfers of funds and a network for the remote transmission of the data. This would make it possible to fill the gap which exists between the technical standard of bank services in the West and the situation in the Polish banking business. At present, it may so happen that an urgent transfer, for example, from France to a client in a small town will indeed reach the Central Office of the National Bank of Poland within several hours of being drawn, but will travel from Warsaw to the recipient by mail for several days. When a bank finally decides to computerize, in general it is better to use a ready-made, proven program than "to reinvent the wheel" on its own.

The French partner of VIGOR, the STERIA company, has gained experience throughout the world. The reference list of banks and financial institutions which have bought integrated data processing systems for banks from this company includes institutions truly of world renown. Systems supplied by STERIA are in operation in several dozen countries. More than 300 banks and financial institutions have used the services of the company, though most frequently its clients have been French establishments. There are also many Swiss banks on the list of customers which testifies to the quality of the company's offerings, including the Bank for International Settlements in Basel, which is a clearing center for

central banks from all over the world. The Deutsche Bank is also among the clients of STERIA company.

For Western financial institutions, it is important to not only efficiently perform services used by the clients, but also to expand their offerings. This compels them to look for new solutions in the area of software, and this is precisely the field of operation of the STERIA company. Throughout its 20-year history, STERIA has always been geared to services in the financial sector. Based on its experience, it has developed a special system of programming for banks which, if fully applied, may embrace all activities of the bank. This system is called SYBU. Its advantages are the result of the fact that this is not a single software package but rather a set of modules which may be combined depending on the needs of the client. The fact that, despite requiring high quality equipment, the system may be used both on mainframe computers and on mini or microcomputers is also a tremendous advantage. SYBU may be used by independent banks; it may also provide support for local branches or offices which use information accumulated at the headquarters of the bank. Among others, SYBU offers modules concerning areas and functions of bank activities such as loans and revolving credit, leasing, currency reserves, signature identification, and so on. Opportunities for using new models are increasing because the SYBU system is developing in line with the increasing requirements of the market.

To be sure, programs offered by the STERIA company may run on various equipment, but it must be equipment of good quality. Therefore, VIGOR offers microcomputer and minicomputer equipment for them made by the French concern SMT GOUPIL. This is a major producer in the field of telecommunications and microcomputers in France; it is also significant in the world market. The GOUPIL concern participated in computerizing the French postal service and local banks and ministries. It is also known in Poland: It has delivered equipment for the postal service and the PKO-BP [General Savings Bank—National Bank].

The offer made to the Polish banks by VIGOR in cooperation with French companies includes, among other things, the sale of computers of differentiated capacity and configuration. These are microcomputers, local networks, and minicomputers, selected on the basis of requirements. The quality of the equipment guarantees the continuous unrestricted development of configurations; it is installed together with auxiliary equipment and elegant office furniture. Clients may order equipment earmarked for individual work stations, for branches, or for the head office of a bank, as well as for communication between branches and for interaction with other banks.

As has been described above, the STERIA programming embraces, in principle, all functions of banks—work “at the teller window” and “in the back,” as well as bank settlements and reporting. These programs operate in conjunction with all known standard operation systems:

DOS, UNIX, VMS. The same programming may be run at a bank (or a network of banks) on equipment of different types. The interface of various types of “information environments” occurs due to a form of data files accepted by all of these systems. STERIA programming recommended by VIGOR is suitable for all kinds of banks, including central banks. Polish banks using this programming can use the advice of banking specialists, and practicing system operators. Consulting by French specialists, training in France and in Poland, and the development of additional programming modules are also envisaged.

Despite the fact that the Polish banks very much want to modernize, and generally can afford to, they are often not prepared organizationally to absorb a complete—by West European standards—information system. VIGOR recommends that they act step by step, or expand the system in line with growing needs and financial opportunities. The company will also ensure for its prospective clients complete servicing of equipment and programs, their installation and startup, as well as continuous deliveries of operational materials.

## ROMANIA

### Minister Zisu on Economic Reform, Problems

91BA0618A Bucharest ADEVARUL in Romanian  
25 Apr 91 pp 1, 2

[Interview with Mihai Zisu, minister of resources and industry, by Corneliu Carlan; place and date not given: “Reform? Like Pulling Teeth”]

[Text] Six months after our previous interview with the minister of resources and industry we went back for a new one. But before we asked the first question Mr. Mihai Zisu pointed out:

[Zisu] Interestingly, the first interview we had marked a starting point in my office, while the present one marks a finale.

[Carlan] I suggest we outline the thread between the two interviews and draw a succinct summary in order to see to what extent the directions of action you outlined at the time have been implemented.

[Zisu] Of course, expressing a strategy and an idea for the future involves a big risk. One of my satisfactions is that nevertheless, what I said then turned out to have been correct, or so I think. The ministry has begun to operate like a conglomerate of 12 former ministries conceived—or not so much conceived as existing—within a certain plurality of offices, especially managerial positions. The role of a modern ministry is not to “hold the hand” of economic enterprises and guide them through a labyrinth of laws, but to pave a road they can follow. Thus, I think that progress has been made, but we still don’t have a homogenous ministry from the viewpoint of duties. One of the reasons, although perhaps not the

most important, was the fact that so far we have not managed to get these 12 ministries-departments to operate in the same space; perhaps the mentalities of their staff do not converge toward grasping that there is no chance of returning to what used to be, i.e., to the old formula of 12 ministries.

[Carlan] At the previous interview you used the illustrative image of a nucleus with telescopic arms topped by the 12 departments, whereas the arms are progressively shrinking and getting closer to the center and finally merging into one entity.

[Zisu] That is the direction that is pursued; I continue to believe that the idea is good, but it has not yet been brought to a successful completion.

[Carlan] How did the process of turning state units into commercial firms go?

[Zisu] In this area the progress has been more marked. We began with 1,748 industrial and commercial units and institutes. Currently they have been reorganized into 1,559 commercial firms and 19 autonomous managements. As for establishing boards of trustees, managerial boards, and directors—which is also a very extensive job—I think we will be able to complete that by the end of April. More specifically, 1,273 state boards of trustees have been established and 16 administration boards for autonomous managements out of 19. Similarly, 434 administration boards have been appointed for commercial firms and 421 directors through a procedure that we hoped was as objective as possible, even though there is probably still room for improvement in this respect. Practically speaking, each administrative board and director had to go through a process of confirmation before commissions chaired by state secretaries. Unfortunately not all the directors who appeared for confirmation were approved, although they had been elected by the administrative boards. For example, out of 397 directors heard by 10 April, 26 were rejected; they failed to pass through these filters, although we have to admit that they were not that tight. What I wanted to illustrate by this example is that we tried not to place unsuitable people in such responsible jobs. Of course, time will verify the choices and attest each one's qualities.

[Carlan] The press, including ADEVARUL, criticized the manner in which the new commercial firms were formed, especially the reportedly exaggerated size of some of them, which was viewed as a continuation in another form of some of the industrial centrals. What is your view on that?

[Zisu] I, too, believe that the solutions adopted were not always the best, but I want to tell you that during this period we had to achieve a balance between the wishes of the people in the respective area and the more or less evident economic need to establish a new type of economic enterprise. However, what has been done so far is not written in stone. The boards of state trustees, the administrative boards, and in the future the shareholders meetings will have the legal freedom to change

the status of commercial companies in the direction they wish it, in a good direction. In medicine it is said that there are no diseases, only patients, so each case must be solved individually. I can give you a representative image of this phenomenon. Taking capital as an example, 73.3 percent of the social capital is distributed among commercial companies and 26.7 percent among autonomous managements. From the viewpoint of classifying companies by capital I think that this histogram is suggestive: There are 67 companies with a capital of up to 10 million lei; 250 with a capital of 10-50 million lei; 235 with a capital of 100-235 million lei; 677 with a capital of 100-500 million lei; 165 with a capital of 500-1,000 million lei, and 152 with a capital over 1,000 million lei. The median point is thus around the figure of 100 million lei, which means that the commercial companies are fairly large.

[Carlan] How do you think they will work?

[Zisu] The important thing is that the enterprises should begin to work on the basis of economic criteria, while we, the government and the legislation should create the field or the framework in which they can operate. There are two distinct aspects: organizational framework and managerial capability to operate within this framework. You said something about the old centrals. I don't believe in that assertion. Of course those centrals could assume, under new names, some functions that no one assigned them, but for that to occur effectively the ones at the receiving end of such functions not decided by anyone must also accept this kind of behavior.

[Carlan] Enterprises have been reorganized, but are there any signs of revival of the production?

[Zisu] The trends are positive, as we see from concrete data, although [the figures] create an impression that is better than the reality. For example, in March the lignite production was 28 percent higher than in February; crude oil production 17 percent higher; steel production 50 percent higher; aluminum 13 percent, copper 35 percent, passenger vehicles and trucks 21 percent, television sets 31 percent, tires 53 percent, soap and textiles 19 percent, and paper 68 percent higher. For a large number of items the figures were even higher than in January, so there are very clear signs that the society wants to produce more. Unfortunately this trend is hampered by limited means of procuring raw materials, especially from imports, by the contradictory effects of the price and salaries liberalization, and by subjective factors such as some units within the chain of cooperation failing to fulfill their production.

[Carlan] What do you think will be the next step in the activities of the commercial companies and autonomous managements? Will it be possible to diagnose the viability of each one of the new economic units?

[Zisu] First of all I think that the government and the ministry must pay great attention to the process of economic phenomena. We still have a limited number of laws that are very important for this opening, but we

have not yet managed to create the entire legislative framework needed. At the level of companies and managements I believe that what is essential now is to train people capable of working within the new context. For example, formerly a commercial director actually handled only direct supplies in every form. Now he must study the market and market absorption trends, decide on a development strategy, negotiate prices, and be conversant with all the details of the economic contract he signs. From this perspective, extremely little has been done for managerial training.

Equally important is the issue of restructuring and technological change, two aspects that intermingle like Brancusi's Kissing Gate. There is no point in modernizing an enterprise which manufactures articles that won't sell, not now and not in the future. Or an enterprise that cannot be profitable. A mine, for example, which produces minerals so poor in contents and at such great expense that there is no justification for keeping it open. The decisions that will be further taken on structure in general and on the economy in particular will be very important in the immediate future.

Anyway, the reform situation can be likened to pulling teeth: If it is done slowly it may be more unpleasant; a quick move may be preferable, but then you risk breaking a root. One thing though is clear: once it is decided that a tooth must be pulled out, it has to be done, there is no going back.

## YUGOSLAVIA

### National Bank Governor on Financial Status

91BA0779A Belgrade POLITIKA in Serbo-Croatian  
28 May 91 p 11

[Report on an interview with Dr. Dusan Vlatkovic, governor of the National Bank of Yugoslavia, by Milos Petkovic; place and date not given: "It Will Be Hard To Achieve Dinar Convertibility"]

[Text] "We are not satisfied with the flow of credit-financial transactions with foreign countries. Our crisis situation could have an adverse effect on reduction of the external debt and foreign exchange reserves. In practical terms, this means a continuation of the net outflow of capital and a still greater impoverishment of the economy," Dusan Vlatkovic, governor of the National Bank of Yugoslavia [NBJ], said in an interview with TANJUG editor Milos Petkovic.

"The projection of the balance of payments for this year anticipated that convertible payments that are coming due would amount to almost \$3.9 billion: more than \$2.1 billion to pay off the principal and the rest for interest. Incidentally, the medium-term and long-term convertible debt at the end of last year amounted to \$16 billion. The degree of the country's indebtedness ranges below 20 percent (the ratio between foreign exchange proceeds

and payments due). All indicators of the external debt are 'very' moderate and indicate that Yugoslavia is not overindebted.

### Convertibility—Illusion or Reality

"The fact that political and economic difficulties have postponed the reaching of an agreement with the IMF signifies that some of the anticipated support from international financial institutions, amounting to \$1.5 billion, still cannot be realized. If we also take into account that use of foreign credits from other creditors is largely contingent upon arranging relations with the IMF, we must anticipate that the amount of financial support for this year will probably not be realized," Dusan Vlatkovic said. "We must realize that this kind of situation also postpones the inflow of foreign capital for joint ventures and direct investments in the economy.

"As for dinar convertibility, we need to emphasize that that is a principal and one of the most essential prerequisites for the functioning of the unified Yugoslav market and the economy," the NBJ governor mentioned. "Last year, for the first time since the war, the dinar came fairly close to the group of currencies convertible in the world. Right up until September 1990, the dinar kept company on exchange-rate boards with the currencies of Western Europe. Likewise, it was exchanged without hindrance for convertible currencies in Yugoslavia and, in part, was used to pay off obligations abroad. The deterioration of the balance of payments, the resurgence of inflation, and the more rapid reduction of foreign exchange reserves have disrupted the process of dinar convertibility.

"The commitment of the FEC [Federal Economic Council] and the NBJ to restoration and strengthening of dinar convertibility, however, has not changed," Dusan Vlatkovic stated categorically. "Convertibility of the national currency is a reflection of the state of the overall economy and of the money, and it is achieved through a process of economic stabilization that is not easy in the least, not by proclamation, nor by decision and decree. In that respect, inclusion of the dinar in the club of convertible currencies will neither be easy nor will it take place so rapidly."

Commenting on the position of the commercial banks, Dusan Vlatkovic pointed to the problem of the existence of considerable amounts of uncollectable credits, that is, potential losses which in some cases exceed several times over the amount of the banks' funds. "In that kind of situation, the only alternative to refusing to issue a permit for further operation of those banks would be their bankruptcy. As a rule, it is very expensive to do that and has large consequences, especially when the federation and the NBJ are guaranteeing the savings deposits of individuals and the credits of international financial organizations. The NBJ has proposed to the FEC and the SFRY Assembly laws which would set down the rules governing individual financial rescue of the banks.

"The results obtained in an audit of the balance sheet of the banks have indicated the possibility of carrying out not only individual rescues, but also across the board rescues. The Board of Governors has made relevant decisions along those lines, and they are now being carried out. Individual rescues are not precluded when across the board rescues are carried out. The extent to which banks are rescued individually will depend directly on whether the proposed federal budget for 1991 is adopted and whether funds will be appropriated for that purpose. Support from the World Bank through use of a SAL-credit of about \$300 million is anticipated in furnishing the money for those purposes.

#### **Incentive for the Sale of Foreign Currencies**

"Resolution of the political crisis is a key element for consolidation of the major disturbances in money savings, especially foreign exchange, as well. That is, foreign exchange has a share of over 90 percent in total savings. Otherwise it is impossible to restore people's confidence in the institution of foreign exchange savings.

"In a time of abrupt withdrawal of savings over several months, when the servicing of obligations under the public debt still has not been legally regulated for this year, dinar and foreign exchange liquidity of the banking system has been maximally exhausted. The NBJ has proposed to the Board of Governors amendment of the relevant decision that would make it possible for the banks to use credit for liquidity even on the basis of the net reduction of foreign exchange savings. The decision has taken effect. A proposal has been prepared in the

NBJ for a decision concerning the procedure for granting short-term credits to banks on the basis of loans which they would grant to individuals in a case of definitive sale of foreign exchange. It is particularly important that this arrangement would assure additional liquidity of the banks through short-term credit financing from the resources of primary note issue, guaranteeing lendings for particular purposes to individuals in cases when they definitively sell foreign exchange. In such a way that at the same time it would guarantee that the foreign exchange would be purchased and transferred to the foreign exchange accounts of the NBJ. That would also bring about more favorable conditions for the operation of the foreign exchange market.

"This measure would have a stimulative effect on the purchase and sale of foreign exchange of the NBJ, especially if it were accompanied by certain incentives in the tariff and fiscal systems. For such a decision to be adopted, the SFRY Assembly would inevitably have to state its position. More precisely, to amend the decision on the goals and tasks of joint monetary policy," Dusan Vlatkovic, bank governor, said.

[Box, p 11]

#### **Rumors About "Freezing" Foreign Exchange Savings**

"All information is inaccurate to the effect that thought is being given to turning foreign exchange savings into dinars or even of freezing them. Nor is there any basis to rumors about substituting bonds or any other security for foreign exchange savings," Governor Dusan Vlatkovic said.



## HUNGARY

### Consensus Lacking on Social Security Measures

91CH0553D Budapest MAGYAR HIRLAP  
in Hungarian 19 Apr 91 p 5

[Article by Peter Forro: "Social Security Is Waiting for Action; Different Views on Its Joint Concept"]

[Text] Journalist were invited yesterday for a background talk about the social security reform concept. The first speaker among the government party experts was ministry commissioner Dr. Istvan Mikola who said that the social security reform draft is being prepared because of a political request and that the material prepared by the National Social Security Main Directorate actually reflects the view of the Ministry of Public Welfare as well.

Mikola emphasized that the introduction of the social security reform, since it affects every Hungarian citizen, is conceivable only if it is based on wide national consensus, and he did not deny that the material, which was published in our 1 April issue, was far from meeting everyone's approval.

He denied the earlier statement that the West German social security system was introduced in onetime GDR in three months, true, not without some hitches, and pointed out that, in the event that the reform concepts will be approved, the real difficulty will be that the new system will have to work along with the old one during the transition period.

He said that this material has already been presented to the economic committee and that the parliamentary committee also dealt with it on Wednesday when several objections were also heard.

Dr. Gyula Kis, chairman of the parliament's Social, Family Protection, and Health Committee, while blaming himself for engaging in politics, said that, without a social security reform, a sick population of a sick country must be healed through an outdated social security system.

He pointed out that while Hungary's population decreased by 300,000 in ten years, public health indexes are not any better than those of the 1930's. In Hungary, he said, \$136 are available annually for the health care of one person (this figure is \$2,600 in the United States) and, in addition, the revenues of social security are not used properly.

A primary condition for efficiency would be that the social security system should work entirely independently of the state budget, and the Social, Family Protection and Health Committee is urging the government to work out its reform concept by 31 May. Efforts have been made to establish an autonomous social security system and, according to some concepts, it will be compulsory for everyone and will be progressive, and

based on income. It is also important, he said, that the state provide guarantees for social security so that it cannot go bankrupt because of bad investments. Finally, he said that the law must be enacted by September at the latest, before the beginning of the debate on the budget.

Social Security Director Dr. Jozsef Botos said that no matter how many flaws the present system has, it offers security for every citizen, and that we should not abandon this principle.

He noted that in connection with the criticisms of the concept, he does not challenge their justification but, as he said, "they at least did something." He denied that the main directorate is unprepared to handle large assets. He emphasized that this is claimed only by those who want to use the revenues of these assets for other purposes than health and medical care.

### First Higher Education Law in Preparation

91CH0553C Budapest MAGYAR HIRLAP  
in Hungarian 19 Apr 91 p 4

[Article by Katalin Ujhegyi: "The First Hungarian Higher Education Law Is in Preparation"]

[Text] Until now, no higher education law had been legislated in Hungary. The concept of the first such regulation is not at the stage where it can be presented for public debate. Istvan Bakos, Ministry of Education and Culture Main Department head, said that a support system for the bill's implementation has also been worked out, including a concept of normative financing, higher education's modernization and network development, and the draft of a concept for scientific rating.

During the course of the preparation, members of the Higher Education Law Preparation Committee used the higher education laws of 21 countries, including the recent Czech, Polish, and Dutch as well as the well-proven American, Scandinavian, British, and German laws. They also studied the old Hungarian statutes so that they could incorporate into the draft both the Hungarian traditions of higher education and the European experiences. Bakos said that the purpose of legislation is not limitation. On the other hand, working out a support system is unavoidable in modernizing the institutional system of higher education which is in a catastrophic condition. The draft will be forwarded this month to the institutions of higher learning which may send their comments to the ministry by the end of June. Sensible proposals for modification will be incorporated into the draft bill by September and, thus, the requirement imposed by the World Bank can be fulfilled. The ministry will be able to present the final draft to the parliament by 31 December. The parliament's committees have been, and are being, kept informed about the preparation and, thus, there is a chance that the Honorable House will put the draft on its agenda. Hopefully, learning institutions will be able to begin the 1992-93 academic year according to the new regulations and in the spirit of the new concept.



Istvan Bakos gave our paper a briefing on the ministry's point of view regarding private universities. The portfolio's number one task is to revive the state system of higher education, but it also takes an interest in the success of the increasing number of private initiatives. The ministry will not hinder the operation of endowed and private institutions of higher learning, which do not demand financial support. Of course, they cannot be accredited until they fulfill the present requirements or until the new higher education law is enacted and goes into effect. Bakos' opinion on the private university already operating in Miskolc is that its courses resemble university extension courses and it has many excellent lecturers but its financial means are very tight and, of course, its organization is not on par with that of a university.

Finally, Istvan Bakos said that admission policies will be regulated by the new law. According to the plans, a stricter final high school examination, well-tested in the West, may serve as the entrance examination for universities and colleges.

(MTI) Professor Tibor Kiraly, chairman of the Higher Education Law Preparation Committee, briefed the National Committee of the Union of University Professors at its Thursday meeting on the concept of the higher education law in preparation. He said that the purpose of the law is to improve the quality of higher education so that the quality of Hungarian higher education would fulfill European requirements after 1992. Another purpose is to increase the number of students at certain institutions. The new higher education law will guarantee extensive autonomy to the individual institutions of higher learning. They will be able to decide, for instance, whether or not to require entrance examinations. He emphasized in connection with private and endowed institutions of higher learning that a top-level guarantee for a nationwide acceptance of their degrees is needed. The National Committee of the Union of University Professors also took the stand that the state cannot abandon the financing of institutions of higher learning in the future either. The National Committee recommended that, before its legislation, the concept should be put up for debate within universities and colleges.

## POLAND

### Religious Hostilities With Ukrainians Resurface

91EP0465A Frankfurt/Main FRANKFURTER  
ALLGEMEINE in German 15 Apr 91 p 4

[Article by Stefan Dietrich: "Old Enmities Break Out Along Polish-Ukrainian Border: Hard Feelings Among Coreligionists"]

[Text] Przemyśl—The readmission of the Greek-Catholic Church in the Ukraine of 1 December 1989 marked the end of 43 years of blood-stained persecution.

In Poland, the Catholic Church had protected the dispersed priests and faithful of the Greek rite, but the Roman Curia was able only this year to appoint a Greek-Catholic bishop of Przemyśl. Unfortunately the circumstances accompanying Bishop Jan Martyniak's induction on Saturday last offered a painful reminder of the fact that the Uniates (the popular name for Greek-Catholics) cannot simply resume at the point where their religious life was violently disrupted after World War II. The Pope as well as the Polish episcopate wished for Martyniak to enter the Carmelite Church in Przemyśl, from where his last predecessor had been kidnapped in 1946. This was to be a temporary arrangement until the completion of a new Greek-Catholic cathedral in five years' time.

Benigius Wanat, Provincial of the Carmelite Order, had acceded to the Pope's wishes in mid-February last. However, all of Rome's authority, including that of the local bishop, was not enough to dissuade the residents of Przemyśl from their resistance to the project. The solemn induction, attended by primate Glemp, Apostolic Legate Kowalczyk and high foreign dignitaries, had to be shifted to the neighboring cathedral of Roman Catholic Bishop Tokarczuk. For the time being, the new diocesan head will continue to reside in 500-km distant Legnica.

In the circumstances it is now questionable whether, on his next pilgrimage home in early June, John Paul II will be able to meet with the Uniates in Przemyśl's Carmelite Church as planned. The roughly 25 members of the "Social Committee for the Defense of the Carmelite Church" have organized resistance for several months. The committee is largely identical with the regional management of the Solidarnosc Union and quite aware that it has the support of the large majority of city residents. Sometimes the group, complete with banners, pickets the seat of combative Bishop Tokarczuk, sometimes it marches in the streets, threatens collective hunger strikes and, after Easter, actually barricaded itself in the disputed Carmelite Church of St Teresa. For days on end, the inscription above the church door read: "Ukrainians—Hands off This Church" and "We Will not Yield the Polish Church." The protest committee, considering themselves true Catholics, confronted the local bishop with a banner inscribed: "The bishops are not the Church—the faithful are the Church. We call on the Church hierarchy to rescind the illegal decision."

### The Lvov Synod

The baroque Church of St Teresa was owned by the Discalced Carmelites for 153 years. In 1784, in the course of Emperor Joseph's reforms, the Austrian partitioning power took it away from the order and handed it to the Uniates, together with the adjoining monastic establishment. The Uniates used it as the seat of the bishopric for the following 164 years, and thus it would have remained, had not the Communists withdrawn recognition from the Ukrainian Catholics who had remained loyal to the Pope. This happened at the Lvov

Synod, organized by the Soviet secret service, and which decided in 1946 for the return of the Greek-Catholic Church to the bosom of the Moscow Patriarchate. The NKVD had removed the bishops before the synod. These prelates included Przemysl Bishop Josafat Kocylowski and his Suffragan Grzegorz Lakota whom the Polish secret service delivered to their Soviet executioners. At the time about 160 churches of the Greek Catholic diocese of Przemysl became the property of the Roman-Catholic Church.

The Carmelites who had been driven from Lvov, reclaimed the Church of St Theresa. In different circumstances, the order's return to its former premises could have been considered an act of historic justice. As it was, a new injustice was added to the old one of the convent's confiscation by the Austrian partitioning power. The Ukrainian Catholics have been members of the Roman-Catholic Church for almost 400 years and, after splitting off from the Orthodox Church, actually preserved nothing more than the liturgy and a few canonical particularities of former times. The Ukraine's submission to Rome was the consequence of power political considerations. The psychological barriers between the Greek Catholic Ukrainians and the Roman Catholic Poles have never been breached. Mutual enmities penetrated the collective consciousness more profoundly than did religious ties. The Poles remember the terrorist acts which Ukrainian nationalists committed against the Polish population. The Ukrainians accuse the Poles of centuries of oppression and polonization. The last chapter in this sorry history was written in 1947, when the Ukrainians were compelled to abandon the former Ukrainian areas left with Poland. Since then the Senate of the Polish Republic alone managed to condemn this action.

#### Polish Reason of State

The violent reaction of Polish Catholics to the temporary loan of a church to their Ukrainian coreligionists has stirred up old hostilities once again. Zolkiewicz, chairman of the protest committee, affirms that his groups has nothing against the Ukrainians or their faith. Their protest is solely directed against the bishops' having arrived at their decision without consulting their flock. Yet, the arguments raised against this decision do speak a different language. Mentioned there is the Polish reason of state, the defense of the Polish Church and the Ukrainian peril. The Ukrainians, it is said, never give up something they have once possessed. Already they are buying land all around. Nobody, though, can provide any accurate figures.

Ukrainians in Przemysl confirm that their compatriots, forcibly removed in 1947 to East Prussia, Pomerania and Silesia, have begun to return to their former homeland in southeastern Poland. The Ukrainian minority now accounts for less than 5 percent of Przemysl residents, and evidently does not at this time represent a threat to the Polish element.

On the other hand a threat does indeed loom beyond the border. Since the Ukraine is itself on the road to independence, it seems that the Ukrainians there tend to compensate for their continuing dependence on Moscow with a particularly belligerent attitude toward Poland. Visas were refused at the last moment for a delegation of 12 Polish bishops who intended to travel to Lvov at Easter to celebrate with Lvov Archbishop Lubacziwskyi upon his return from exile in Rome. A week later, the city council pressured Bishop Jaworski, the new Roman Catholic archbishop of Lvov, to cancel his induction. The chairman of the regional administration protested Jaworski's appointment, arguing that the time was not yet ripe for a citizen of the Polish Republic to officiate as archbishop of Lvov. He added, in passing, that people in the western Ukraine are attentively observing the dispute about the Carmelite church in Przemysl.

Though 60 churches in the Ukraine have already been returned to resident Polish Catholics, none has been allocated to them in Lvov, the provincial capital, where 25,000 Poles are resident. After some Orthodox Ukrainians broke with the Moscow Patriarchate last June and thereby moved toward the Greek Catholic Church, a movement away from Rome has been discernible among the Uniates—something that might also be interpreted as a movement away from Poland. The newspaper *RZECZPOSPOLITA* reported efforts to establish an indigent patriarchate in the Greek Catholic Church.

The Poles are alarmed by the fact that some people in the Ukrainian independence movement question the existing border with Poland. By comparison with the growing emotional upset in the Polish-Ukrainian border area, the situation of the Germans in Upper Silesia is positively idyllic. The election of German mayors and councillors, as well as the introduction of German church services, has taken place there without public disturbance. Official minorities policy allows much that used to be unimaginable in former times. Only people have not come that far everywhere.

#### ROMANIA

##### Antireligious, Prosocialist Bias in Texts Noted

91BA0705C Bucharest *DREPTATEA* in Romanian  
11 May 91 pp 1, 4

[Article by Valeriu C. Nestian: "Schoolbooks in 'Sweet' Neocommunist Style"]

[Text] Purifying the educational system of communism, a necessary and compulsory operation, implies among other things an urgent restructuring of textbooks in line with the informational and educational objectives pursued in the study of a school subject at the current postrevolutionary period. The first step required for that is to efficiently eliminate the ideological and political detritus that stifled to the point of extinction the contents and even the style of the books in question, and to present and classify information (knowledge) in the light

of scientific, artistic, philosophical, and religious truth and democratic ideals. As a guidance tool for professors/teachers and a working tool for students, textbooks certainly raise many new psychological and pedagogical issues, and no fewer moral and professional issues.

That is why we felt entitled to expect that, more than one year after the collapse of the sole, omnipotent, and omniscient party from the country's leadership, the sole, omnipotent, and infallible textbook would also "fall." Who should have achieved in practice this process of restoration of the educational system? Undoubtedly experienced and competent educators whose ethical traits can serve as emblems for the spirit of Romanian preuniversity education. Certainly not those who forfeited their moral credit by in one way or another serving as accomplices or direct defendants in the abasement of the school.

However, "in situ" the situation is not what it should naturally have been. As an illustration of that, let us together turn the pages of a few textbooks selected not quite at random, which were "revised" last summer.

One preliminary general observation: The authors are more or less the same—of course with a few pro forma changes—people who until very recently were serving the dictatorship and the Marxist ideology with militant enthusiasm. In other words, the cream of our bolshevik school. In these conditions, what "revisions" are there to point out? Few and nonessential. For example, some lamentable quotations and formulations of party propaganda. However, the substance, spirit, and contents presented were left unchanged. As Uncle Iancu used to say: "...They want to revise, fine! As long as nothing is changed..."

And if we've already quoted Caragiale, let us take a short look at the 10th grade Romanian language and literature textbook, three of whose authors are "veteran" and profitable collaborators of the Ceausescu Ministry of Education (E. Leahu, N.I. Nicolae, and C. Parfene, the latter of whom was a notorious communist "improver"). "Vetted" and "authorized" RCP [Romanian Communist Party] men! What do we find, for example, on page 103 and the following page, about the author of *A Mislaid Letter*? A quasi-Zhdanovian "analysis" of Caragiale's comedy viewed from the angle of class struggle and modernistically colored by the idea of instinct: "Caragiale wrote four comedies inspired from the reality of the Romanian bourgeoisie, about whom he revealed the comical discrepancy between what it wanted to be and what it really was: a vain, semi-illiterate, mercenary," etc. Odd, isn't it, for Europe in Anno Domini 1991!

We will skip over the sleep-inducing and patriotard phrases contained in lessons dedicated to Eminescu or to the drama *Sunset*, or over the antiland lordly diatribes

found in Cosbuc, Sadoveanu, and Z. Stancu (the improvisations there resemble ostentative bullfights in which the "opponents" are selected with an eye to offering a spectacle not dangerous to the toreador), and stop at O. Goga. Here, stupefaction and indignation! To make sure that teenagers do not "mistakenly" interpret the massive presence of Christian sentiment in the lyricism of the author of *The Prayer*, in the name of secular education, of course, the staunch defenders of ideological purity, standing on the stilts of I.D. Balan's "principled" exegesis, firmly and shamelessly warn us: "It is true that Goga's poetic language contains many terms and references of a religious origin. Their meaning, however, is metaphorical and their function esthetic. Beyond any mystic connotation, the language of Goga's poetry serves to transfigure..." (p 181)

But the "commentary" on M. Preda is almost scandalous. Without a trace of embarrassment the authors engage in collectivist propaganda of the "purest" Stalinist extraction: "(Ilie Moromete) is an authoritarian father who, because of old mentalities and customs, is preoccupied with preserving an illusory economic independence based on a small agricultural holding." (p 298). "The disintegration of his family represents the dispelling of the illusion that the small agricultural holding can ensure the peasant's prosperity and independence..." (p 299). In the authors' current opinion, building socialism in the villages is "an irreversible social-historical process" (ibid.). Prestigious prewar authors like G. Nedio-glu, A. Bujor, F. Illoasa, or C. Botez would never have written anything like that...

Nevertheless, we shouldn't be too surprised, because the first two "scientific" authors of the textbook are a former RCP Central Committee member and a well-known securitate member in the world of education, who did "everything" to contribute to the militarization of the school and the "administrativization" (the term belongs to Mircea Iorgulescu) of the teaching of that subject. Once again, here are the representatives of the nomenclatura. "They make up laws and impose taxes, and then they talk philosophy to us!" Equally symptomatic and party-minded are the textbook recommendations for additional readings from contemporary literature: E. Barbu, P. Anghel, Balaita.

And speaking of philosophy: the high-school textbook—like the 9th grade psychology textbook—compiled by a former zealously Godless activist with "graduate" studies in the city on the Neva—is stuffed with concepts, definitions, and interpretations converted from an ideological code in the "best" materialist tradition of Kornilov, Smirnov, and Teplov. As if we didn't have our national, beneficial, pedagogical science as embodied by I. Petrovici, N. Bagdasar, M. Ralea, or St. Barsanescu. For example: "The psyche is a function of the brain," is decreed on pp 9 and 10. No joke! Is that really true?!

And finally, *Pedagogy* (10th grade) for normal schools "observes" the skeletons of dusty ("scientific!") courses

by political teaching samurais like Stanciu Stoian, I. Jinga, P. Apostol, or at a deeper level, by their "colleagues" comrades Makarenko, Kairov, Unpensky, Ogo-readnikov (and their entire ilk), the bestest and mostest... After pedantically and by rote cramming the heads of future teachers with the obsessive objectives, needs, principles, methods, plans, and programs apt to cultivate formalism and bureaucracy at the expense of practical

activities, as of page 145 the textbook reproduces embarrassing phrases and expressions from the former education law and even from Ceausescu speeches. Out of respect for the reader we will refrain from providing samples.

When will we have truthful textbooks? (As long as there's life, there's hope).